

HISTORIC LEASE

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HISTORIC LEASE

THIS LEASE is made and entered into as of _____, 2004, by and between the United States Department of the Interior, National Park Service, an agency of the United States of America (hereinafter referred to as the “Lessor”), and Sandy Hook Partners, a limited liability company organized under the laws of the State of New Jersey, and trading as “The Fort at Sandy Hook”, (hereinafter referred to as the “Lessee”).

WHEREAS, Congress designated Gateway National Recreation Area in 1972 as part of an effort to bring the national park system and its ethic of preserving and protecting outstanding resources closer to major cities; and

WHEREAS, the Sandy Hook Unit of Gateway National Recreation Area encompasses 1674 acres including ocean beaches, dunes, salt marshes, coves, forest, and historical landscapes; and

WHEREAS, the Sandy Hook Unit is listed on the National Register of Historic Places as a National Historic Landmark pursuant to the National Historic Preservation Act of 1966, as amended, 16 U.S.C. Sections 470 et seq., which includes the Spmaceti Cove lifesaving station, the Sandy Hook Lighthouse, and Fort Hancock; and

WHEREAS, Fort Hancock comprises 477 acres (over 380 acres under Lessor jurisdiction), and contains 219 historic structures; and

WHEREAS, pursuant to 16 U.S.C. Section 470h-3 and 36 C.F.R. Part 18, the Lessor has determined that certain of these historic structures are not needed for current or projected purposes of the Sandy Hook Unit, and that these historic structures will be adequately preserved by this Lease; and

WHEREAS, the Lessor has determined that the use and occupancy of these historic structures as the Premises of this Lease for the purposes described herein is consistent with Gateway National Recreation Area’s General Management Plan, as amended, and the purposes of the Sandy Hook Unit’s legislative authorization, and further, is compatible with the public interest; and

WHEREAS, the Lessee desires to lease the Premises on the terms and conditions as set forth herein; and

WHEREAS, the Lessor has agreed to lease the Premises herein described to the Lessee under the terms and conditions as set forth in this Lease and for the purposes provided herein.

NOW THEREFORE, in consideration of the agreements, covenants, and conditions contained herein, the Lessor and Lessee hereby agree as follows:

1. DEFINITIONS

As used in this Lease, the following terms and meanings as defined herein shall be applicable and appropriate to both singular and plural forms as applied.

1.1 Affiliate of Lessee— means any person or entity directly or indirectly controlling, controlled by, or under common control with Lessee, or, any entity owned in whole or part, directly or indirectly, by Lessee.

1.2. Agency – means any agency, department, commission, board, bureau, office or other governmental authority having jurisdiction.

1.3. Alterations – means any improvements, modifications, Rehabilitation, Reconstruction, or Restoration of or to the Premises by the Lessee (excluding Preservation Maintenance) made after the completion of Lessee Improvements.

1.4. Annual Financial Report – means a report that includes but is not limited to (a) a statement by the Lessee that the Lessee's and any Tenant use of the Premises is consistent with the terms of Article 10 of this Lease; (b) a statement describing the status of Lessee Improvements and Alterations, if any; (c) audited financial statements, certified by an independent certified public accountant, prepared on an annualized basis showing Gross Revenues for the preceding Lease Year and the status of such at the end of said year, and (d); Rent Rolls as required by the Lessor. Such audited financial statements shall, among other matters, set forth Gross Revenues on a Sublease-by-Sublease and building-by-building basis.

1.5. Applicable Laws – means all present and future applicable laws, ordinances, orders, rules, regulations, guidelines and requirements, including all environmental requirements and the Area's General Management Plan and amendments thereto, of all federal, state, and municipal governments and the Agencies thereof, or any body exercising regulatory functions, relating to or affecting the Premises, including but not limited to the improvements, use, operation, and occupancy of the Premises for the purposes permitted hereunder.

1.6. Area - means the Gateway National Recreation Area.

1.7. Building Permit – means a permit or similar document issued by the Lessor that authorizes the Lessee to commence Lessee Improvements on the Premises or a portion thereof.

1.8. Certificate of Occupancy – means a certificate or similar document issued by the Lessor, that confirms requirements for occupancy as outlined by the Lessor have been completed for the Premises or a portion thereof.

1.9. Commencement Date – is defined in Article 4.

1.10. CPI – means the United States Department of Labor, Bureau of Labor Statistics, All Cities Average Consumer Price Index, or if such index is no longer published, a successor or substitute index designated by the Lessor, published by an Agency reflecting changes in consumer prices in the Central New Jersey Area.

1.11. Default – means the Lessee's failure to keep and perform any of the covenants, agreements, or conditions of this Lease beyond any applicable grace periods.

1.12. Design and Construction Documents – means schematic design and review documents, design development review drawings and construction documents and permit drawings required to be prepared hereunder.

1.13. Director – means the Director of the National Park Service or his designee.

1.14. Environmental Requirements – means all applicable present and future statute, regulations, requirements, rules, guidelines, ordinances, codes, licenses, permits, policies, orders, approvals, plans, authorizations, and similar items, and all amendments thereto; all applicable judicial, administrative and regulatory decrees, judgments, and orders of all Agencies relating to the protection of human health or the environment including, without limitation; (a) all requirements pertaining to reporting, licensing, permitting, investigation and correction of emissions, discharges, releases, or threatened releases of hazardous materials, whether solid, liquid, or gaseous in nature, into the air, surface water, groundwater, or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of hazardous materials, and (b) all requirements pertaining to the health and safety of employees or the public.

1.15. Expiration Date – is defined in Article 4.

1.16. FF&E – means all fixtures, furniture, equipment, appliances, machinery, and apparatus attached to and forming a part of the real property required or necessary for the use and operation of the Premises. (Examples include but are not limited to, HVAC systems, interior storm windows, and other operational utilities and leasehold improvements.)

1.17. Full Insurable Replacement Value – means the cost to replace with new property of utility and quality equivalent to the property being replaced using modern materials and current standards, design and layout without deduction for depreciation, including, without limitation, the costs of demolition and debris removal and any increased cost of construction endorsement, and, in the case of builders risk insurance, also including materials and equipment not in place but in transit to or delivered to the Premises.

1.18. Gross Revenues – means the entire amount of Lessor’s revenues (and the revenues of any Affiliate of Lessee) derived from this Lease or any Sublease hereunder, such amount as determined in accordance with generally accepted accounting principles consistently applied. Gross revenues include, without limitation, rent, payments in lieu of rent, non-returnable option payments, reimbursements, and payments under a loss of rents insurance policy or provision. Also included in Gross Revenues are receipts from all mechanical or other vending devices placed on the Premises by the Lessee or under authority from the Lessee, other than devices installed on portions of the Premises not open to the public and solely for the convenience of the Lessee’s employees. Tenant security deposits are excluded from Gross Revenues unless forfeited by the Tenant. Reimbursements made to Lessee by Lessor under Exhibit C to this Lease are excluded from Gross Revenues. The Lessee, in negotiating Subleases or other arrangements under which portions of the Premises are to be occupied by third parties, shall seek to obtain market value rent for such occupancy in all circumstances and will not grant preferential rent or occupancy terms to any person or entity.

1.19. Hazardous Materials – means any material or other substance: (a) that requires investigation or correction under any Environmental Requirement, (b) that is or becomes defined as a hazardous waste, hazardous substance, pollutant, or contaminant, under any Environmental Requirement, (c) that is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic, or otherwise hazardous, and is or becomes regulated under any Environmental Requirement, (d) that, without limitation of the foregoing, contains gasoline, diesel fuel or other petroleum hydrocarbons, (e) that, without limitation of the foregoing, contains polychlorinated biphenyls (PCB’s), asbestos or urea formaldehyde foam insulation, or (f) without limitation of the foregoing, contains radon gas.

1.20. Hazardous Materials Occurrence – means any (a) use, treatment, keeping, storage, sale, release, disposal, migration, transport, or discharge of any hazardous materials from, on, under, or into the Premises or other Fort Hancock property that occurs during the Lease Term, or (b) the exacerbation of any Pre-Existing Hazardous Materials condition on the Premises or other Fort Hancock property.

1.21. Historic Property – means any prehistoric or historic district, site, building, structure or object included in, or eligible for inclusion on the National Register of Historic Places. This term includes, for the purposes of this Lease, artifacts, records, and remains that are related to and located within such property.

1.22. Impositions – are all taxes, assessments, rates, charges, license fees, municipal liens, levies, excises or imposts (general or specific); or ordinary or extraordinary, of every name, nature and kind whatsoever, if any, lawfully imposed by any Agency, or other authority or entity, that may be levied, assessed, charged or imposed or may be or become a lien or charge upon the Premises or any part thereof; or upon the rent or income of the Lessee; or upon the use or occupancy of the Premises; or upon this transaction or any document creating or transferring an estate or interest of the Lessee in the Premises; or upon any improvements or FF&E; or upon the leasehold of the Lessee or upon the estate hereby created; or upon the Lessor by reason of its ownership of the fee underlying this Lease. Impositions include, but are not limited to, the payment of any bonds or charges imposed or required by any Agency, authority, or entity, by reason of the proposed or actual use, treatment, storage, discharge or disposal of hazardous materials on or from the Premises by the Lessee, or Tenant or licensee claiming through the Lessee; provided, however, that this provision shall not, and shall not be deemed to, permit the Lessee to use, treat, store or dispose of any such substances on the Premises.

1.23. Interest Rate – means the percentage of interest charged based on the current value of funds to the United States Treasury that is published quarterly in the Treasury Fiscal Requirements Manual.

1.24. Lease Term – is defined in Article 4.

1.25. Lease Year – is as defined in Article 5.1.

1.26. Leasehold Mortgages (or Leasehold Mortgage) – means any encumbrances of the entire (but not less than the entire) leasehold estate created by this Lease by one or more mortgages, deeds of trust or other security instruments that have received prior written approval in accordance with Article 30.

1.27. Lender – means the holder of a Leasehold Mortgage.

1.28. Lessee Improvements – means the Rehabilitation, Restoration, and Reconstruction performed by the Lessee for initial occupancy of the buildings of the Premises.

1.29. National Register of Historic Places – means the national register of districts, sites, buildings, structures, and objects significant in American history, archaeology, architecture, engineering, and culture, maintained by the Lessor under

authority of Section 101(a)(1) of the National Historic Preservation Act of 1966, as amended.

1.30. Notice of Default – means an instrument in writing from the Lessor to the Lessee providing notice of the failure of the Lessee to comply with any term, condition, obligation or provision of this Lease.

1.31. Operating Expenses – means all of the Lessee's expenses related to the management, operation, and preservation maintenance of the Premises including, but not limited to, cleaning (interior and exterior), supplies, utilities (gas, electricity, water and sewer), trash collection, costs and expenses of capital improvements, security, fire/life safety systems, and insurance.

1.32. Percentage Rent – is defined in Article 5.

1.33. Personal Property – means all furniture, fixtures, equipment, appliances, and apparatus placed on the Premises that are not permanently attached to or form a part of the Premises. (Examples include but are not limited to, office furniture, copiers, specialty lighting and desk lamps, specialty equipment specific to a particular business, and file cabinets.)

1.34. Pre-existing Hazardous Materials – means hazardous materials (including storage tanks) that existed in, on, or under the Premises or other Fort Hancock property prior to the Commencement Date, whether such substances were within the definition of hazardous materials as used in this Lease as of the Commencement Date or subsequently became included within such definition.

1.35. Premises – are as defined in Exhibit A to this Lease.

1.36. Preservation Maintenance – means the act or process of applying Treatment Standards to the Premises. This includes (a) the performance of all repairs, maintenance, replacement, upgrading, capital improvements, (whether structural or non-structural, foreseen or unforeseen, ordinary or extraordinary) necessary to maintain the Premises and the improvements thereon in good order, condition, and repair in a manner consistent with the operation of comparable facilities in the Central New Jersey area and in compliance with all applicable laws; (b) the replacement, as they become worn out or obsolete, of all FF&E; (c) housekeeping and routine and periodic work scheduled to mitigate wear and deterioration without altering the appearance of the Premises; (d) the repair or replacement in-kind of broken or worn out elements, parts or surfaces so as to keep the existing appearance of the Premises; and (e) scheduled inspections of all building systems on the Premises.

1.37. Preservation Maintenance Plan – is a document that sets forth a plan, including a time schedule, for the Lessee's Preservation Maintenance.

1.38. Reconstruction – means the act or process in accordance with the Treatment Standards of accurately reproducing a structure, in whole, or in part, as it appeared at a particular period of time.

1.39. Rehabilitation – means the act or process in accordance with the Treatment Standards of returning a property to a state of utility through repair or alteration that makes possible an efficient contemporary use, while preserving those portions or features of the property that are significant to its historical, architectural, and cultural values.

1.40. Rent Roll – means a full and complete list of all Tenants of the Lessee, if any; and, for each Tenant, names and addresses of principals and staff; a full and complete description of Sublease terms (including term, annual rent, base rent, percentage rent, Tenant improvements, escalation clauses, concessions, inducements, options to renew, amendments to Subleases; and any other information as the Lessor may from time to time reasonably request.

1.41. Restoration – means the act or process in accordance with the Treatment Standards of recovering the general historic details of a structure, or portion thereof, by the removal of incompatible natural or human caused accretions and the replacement of missing elements as appropriate.

1.42. Sandy Hook Unit - means the Sandy Hook Unit of Gateway National Recreation Area.

1.43. Square Footage Rent is defined in Article 5 of this Lease.

1.44. Sublease - means an agreement under which the Lessee grants a Tenant the right to use, occupy, or possess for a specified term a specified portion of the Premises.

1.45. Tenant - means any person or entity that enters into a Sublease with the Lessee.

1.46. Termination Date – means the expiration date of this Lease or such earlier date as this Lease is terminated pursuant to any provision hereof.

1.47. Transfer – means the direct or indirect, voluntary or by operation of law, sale, assignment, encumbrance, pledge, conveyance or other hypothecation of the Lessee's interest or rights with respect to the Premises or Lessee's leasehold estate therein. The sale or other transfer (including by consolidation, merger or reorganization) of a controlling interest in the Lessee (if such entity is a corporation), or any sale or other transfer of a controlling interest in the partnership interests (if such entity is a partnership), whether in a single transfer or in a series of related transfers, and whether directly or by sales or transfers of underlying

partnership or corporate ownership interests; shall be deemed a Transfer. For a corporate entity, the term “controlling interest”, as used herein, means an interest, beneficial or otherwise, of sufficient outstanding voting securities or capital of the Lessee, permitted assignee, or Tenant or related entity so as to permit exercise of managerial authority over the actions and operations of the Lessee. For a partnership, limited partnership, joint venture, limited liability company, or individual entrepreneur, “controlling interest” means the beneficial ownership of the capital assets of the Lessee so as to permit exercise of managerial authority over the actions and operations of the Lessee. A “Transfer” does not include a Sublease as defined in this Lease.

1.48. Treatment Standards – means the standards and procedures as set forth in Exhibit B to this Lease.

2. LEASE OF PREMISES

2.1. Lease of Premises; Reservation of Rights

(a) The Lessor, for and in consideration of the rents, covenants and agreements herein contained on the part of the Lessee, its successor and assigns, to be paid, kept and performed, hereby leases and demises to the Lessee, and the Lessee hereby hires, upon and subject to the covenants and agreements contained herein, from the Lessor, the Premises together with the opportunity, subject to Lessor’s prior written approval, to install, operate, maintain, renew, relocate and replace, if necessary, any utilities necessary for the operation of the Premises;

(b) Subject to all Applicable Laws, and all liens, encumbrances, restrictions, rights and conditions of law or of record or otherwise actually known to the Lessee or reasonably ascertainable by inspection or a survey;

(c) Excepting and reserving unto the Lessor the right, at reasonable times and (except in case of emergency) following advance notice to the Lessee, to enter and to permit any Agency, public or private utilities and other persons to enter upon the Premises as may be necessary, for the sole purposes of installing, operating, maintaining, renewing, relocating and replacing (a) underground wells; (b) water, natural gas, steam, storm, sewer and sanitary sewer lines; (c) telephone and electric power lines, conduits and facilities; and (d) flood control access. No such facilities shall interfere with the use or stability of any building or improvement on the Premises. The Lessee hereby waives any claims for damages for any injury or inconvenience to or interference with the Lessee’s use and occupancy of the Premises, any loss of occupancy or quiet enjoyment of the Premises or any other loss occasioned by the Lessor’s exercise of its rights under this Article 2.1;

(d) Excepting and reserving to the Lessor upon notification to the Lessee the right to enter upon the Premises at any reasonable time for the purpose of inspection and inventory and when otherwise deemed necessary for the protection of the interests of the Lessor, and the Lessee shall have no claim of any character on account thereof against the Lessor or any officer, agent, or employee thereof. The Lessor shall have the right to make, upon prior reasonable notice, annual inspections for compliance with public health and safety standards. The Lessor may make, upon reasonable notice, follow up inspections to ensure compliance therewith. The Lessor retains the right to close the Premises when immediate danger to life or property is discovered on such inspections or follow-up inspections. To the extent feasible, the Lessor will provide reasonable notice of such closure;

(e) Excepting and reserving to the Lessor the right at any time to close to travel any of its lands, to erect and maintain gates at any point thereon, to regulate or prevent traffic of every or any kind thereon, to prescribe the methods of use thereof, and to maintain complete dominion over the same, including the right to prescribe the kind or kinds of vehicles that may travel the same or any designated part thereof; provided, however, that at all times during the term, the Lessor shall provide the Lessee and Lessee's invitees with reasonable access to the Premises subject only to interruptions caused by necessary maintenance operations or by matters beyond the Lessor's control; and

(f) Excepting and reserving to the Lessor the right to use the exterior of the Premises, including but not limited to the placing of a sign or signs upon the exterior of the Premises, for all appropriate and customary National Park Service public interpretation activities; and

(g) Excepting and reserving to the Lessor the right to use certain of the buildings of the Premises on a shared basis with the Lessee under the terms and conditions of Exhibit C to this Lease.

2.2. Authorization for Parking

Subject to the terms and conditions set forth in the Authorization for Parking, attached hereto as Exhibit D to this Lease, the Lessor hereby authorizes parking spaces for the purpose of vehicle parking for the Lessee, its agents, employees, contractors, invitees, and Tenants (and their agents, employees, contractors and invitees) in connection with the Lessee's use and occupancy of the Premises pursuant to this Lease.

2.3. Easements

Nothing contained herein shall give or be deemed to give the Lessee an independent right to grant any type of easements or rights-of-way over, under, on, or through the Premises, provided, however, Lessor agrees to execute, if otherwise appropriate, such easements for utilities as Lessee shall require in connection with the use and operation of the Premises.

3. ACCEPTANCE OF PREMISES

3.1. Lessee's Due Diligence

Prior to entering into this Lease, the Lessee has made a thorough, independent examination of the Premises and all matters relevant to the Lessee's decision to enter into this Lease, and the Lessee is thoroughly familiar with all aspects of the Premises and is satisfied that they are in an acceptable condition and meet the Lessee's needs.

3.2. As Is Condition of the Premises

The Lessee agrees to take the premises and all improvements thereon in their existing "as is," broom clean, condition, and acknowledges that in entering into this Lease, the Lessee does not rely on, and the Lessor does not make, any express or implied representations or warranties as to any matters including, without limitation, the suitability of the soil or sub-soil; any characteristics of the Premises or improvements thereon; the suitability of the Premises for the intended use; the likelihood of deriving trade from or other characteristics of the Area; the economic or programmatic feasibility of the Lessee's use and occupancy of the Premises; title to the Premises; hazardous materials on or in the vicinity of the Premises; or any other matter. The Lessee has satisfied itself as to such suitability and other pertinent matters by the Lessee's own inquiries and tests into all matters relevant in determining whether to enter into this Lease. The Lessee accepts the premises in their existing "as is" condition, and hereby expressly agrees that if any Lessee Improvements, Alterations or other work are required in order to conform the Premises to the requirements of Applicable Laws, the Lessee shall assume sole responsibility for any such work except as expressly set forth in this Lease.

4. LEASE TERM

The Lease Term shall be a period of sixty (60) years commencing on _____, 2004 (the "Commencement Date"), and expiring on _____, 2063 (the "Expiration Date") or on such earlier date as this Lease may be terminated as hereinafter provided (the "Termination Date").

5. SQUARE FOOTAGE RENT AND PERCENTAGE RENT

5.1. Lease Year

The term "Lease Year," as used in this Lease, is hereby described as follows:

- (a). The first Lease Year shall commence on the Commencement Date and shall end on the expiration of the twelfth full calendar month following thereafter.
- (b). Each subsequent Lease Year shall commence on the next day following the expiration of the preceding Lease Year, and shall end on the expiration of the twelfth full calendar month following thereafter, or on the last day of the Lease Term, whichever occurs first.
- (c). For purposes of this Lease, (i) any calendar month the first day of which is the first day of a Lease Year, and (ii) any calendar month the last day of which is the last day of a Lease Year shall be counted as full calendar months.

5.2. Square Footage Rent

- (a). The Lessee shall and hereby agrees to pay to the Lessor, in lawful money of the United States of America, without deduction or offset, at the location set forth in Article 39, or at such other place or places as the Lessor may designate from time to time, an absolute net Square Footage Rent calculated on the basis of the square footage of the Premises as set forth in Exhibit A to this Lease. The Square Footage Rent shall commence, with respect to each building of the Premises, on the earlier of (i) the date that a Tenant actually occupies same, or (ii) six (6) months from the scheduled completion of the building's applicable construction phase (as set forth in Exhibit A to this Lease), and in all events no later than five (5) Lease Years from the Commencement Date; (provided that, with respect to the Officer's Club only, this last time period shall be six (6) Lease Years from the Commencement Date). During the first five (5) Lease Years of the Term, the Lessee shall not be required to pay Square Footage Rent that exceeds, in the aggregate, seven per cent (7%) of Gross Revenues. Notwithstanding the forgoing, in the event that the Lessee enters into Subleases during the first five (5) year period of this Lease (six (6) years with respect to the Officer's Club) that provide for full waiver of rent during the initial period of the Sublease, the Square Footage Rent shall be waived with respect to such Subleases, provided that, such waivers shall be effective for no more than the initial three (3) month period of any Sublease and the total square footage subject to such waivers shall not be

applicable to more than twenty-five per cent (25%) of the total square footage of the Premises as set forth in Exhibit A.

(b). The Square Footage Rent for the initial five (5) Lease Years of the Term shall be \$1.65 per square foot (six (6) years with respect to the Officer's Club). After the expiration of the initial period, the \$1.65 figure will increase effective as of the beginning of the sixth Lease Year (seventh Lease Year with respect to the Officer's Club) to reflect the proportionate cumulative increase in the CPI from the Commencement Date to the expiration of the initial period. CPI adjustments to the Square Footage Rent thereafter will be in accordance with Section 5.3.

5.3. Adjustments to Square Footage Rent

(a) The Square Footage Rent in effect as of the beginning of the sixth Lease Year (seventh Lease Year with respect to the Officer's Club) shall be subject to annual adjustment to reflect the CPI Adjustments described in Article 5.3. (b). In no case shall the Square Footage Rent be less than the Square Footage Rent in effect immediately prior to the CPI Adjustment then occurring.

(b) The base for computing the annual CPI Adjustment to Square Footage Rent is the CPI in effect on the last day of the applicable Lease Year. If the CPI has increased, the Square Footage Rent shall be increased by the same percentage as the increase in the CPI. Upon such adjustment to the Square Footage Rent, the Lessor shall notify Lessee by certified mail of such new charge, and such notification shall constitute an amendment to this Lease, as if such amendment were duly executed by the Lessor and Lessee.

(c) If the CPI is changed so that its base year differs from that in effect as of the Commencement Date, the CPI shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the CPI is discontinued or revised during the Lease Term, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the CPI had not been discontinued or revised.

5.4. Percentage Rent in the form of a Percentage of the Lessee's Gross Revenues.

(a). In addition to the Square Footage Rent set forth in this Article, the Lessee shall pay to the Lessor as Percentage Rent an amount of money equal to a percentage of Gross Revenues for the preceding month of the Lease Term in accordance with the schedule set forth in Article 5.4(b) and (c). For purposes of calculating the monthly Percentage Rent, the monthly Square Footage Rent paid by

Lessee shall be deducted from monthly Gross Revenues provided that in no event shall any credit be due to the Lessee.

(b). The Percentage Rent (except for the Officer's Club) is as follows:

In Lease Years one (1) through five (5): 0.0%

In Lease Years six (6) through ten (10): 2.5%;

In Lease Years eleven (11) through twenty (20): 4.5%;.

In Lease Years twenty-one (21) through sixty (60): 7.5%.

(c). The Percentage Rent applicable to the Gross Revenues of the Officer's Club shall be 0.0% for Lease Years one (1) through fifteen (15); 4.5% for Lease Years sixteen (16) through twenty (20); and 7.5% for Lease Years twenty-one (21) through sixty (60) so long as the Officer's Club is used for purposes under Article 10.1(a) that make the building available to the general public. If the Officer's Club ceases to be used for these purposes, the Percentage Rent for the Officer's Club shall be as stated in Article 5.4(b).

(d). Notwithstanding the Percentage Rent rates set forth above, there shall be a Special Percentage Rent of 2.5% for Lease Years six (6) through fifteen (15) with respect to any Gross Revenues derived from Subleases with non-profit Tenants (organizations duly recognized by the State of New Jersey as non-profit and duly recognized by the Internal Revenue Service as non-profit or not-for-profit under Section 501(c) of the Internal Revenue Code) that are approved in writing by the Lessor as conducting programs and activities under the terms of the applicable Sublease that support the purposes and programs of the Sandy Hook Unit of the Area. In no event shall more than fifty per cent (50%) of the total square footage of the Premises as set forth in Exhibit A and in no event shall such Special Percentage Rent apply in the event a Tenant ceases to qualify for the Special Percentage Rent as determined by the Lessor.

(e). At the same time as the Lessee makes its Percentage Rent payments, it shall also deposit an amount equal to five percent (5%) of Gross Revenues into a segregated, interest-bearing escrow account ("Reserve Fund") established and maintained by the Lessee (withdrawals requiring counter-signature by Lessor). The amounts deposited in the Reserve Fund, including all interest earned thereon, shall be continually maintained by the Lessee until such time(s) as the Lessor may in writing direct expenditures from the Reserve Fund by the Lessee for the sole purpose of Alterations necessary for the preservation of the historic integrity and fabric of the Premises, the need for which, as determined by the Lessor, were not reasonably foreseeable as of the Commencement Date. The unobligated funds contained in the Reserve Fund shall not exceed \$1,250,000, exclusive of the

interest earned on the account. This \$1,250,000 figure shall be subject to annual adjustment to reflect changes in the CPI in the same manner as described in Article 5.3(b). At any time that the unobligated balance of the funds in the Reserve Fund exceeds this figure (or as it may be adjusted from time to time), deposits into the Reserve Fund shall cease and not resume until the unobligated balance is less than this figure. The existence of the Reserve Fund shall not be construed as modifying the terms and conditions of this Lease regarding the Lessee's responsibilities under this Lease for Lessee Improvements, Alterations and repair and maintenance of the Premises. Upon the Expiration Date or Termination Date, or, upon approval of a Transfer of this Lease, all unobligated funds contained in the Reserve Fund shall be subject to the Lessor's Percentage Rent for the applicable year. The Lessee shall retain the balance. For purposes of calculating the monthly Percentage Rent, monthly Reserve Fund deposits shall be deducted from monthly Gross Revenues provided that in no event shall Lessee be due a credit.

5.5. Payments Due.

(a). The Square Footage Rent and the Percentage Rent shall be due on a monthly basis at the end of each month of the applicable Lease Year during the Lease Term and shall be paid by the Lessee in such a manner that the Lessor shall receive payment within fifteen (15) days after the last day of each applicable month of the Lease Term.

(b). All Square Footage Rent and Percentage Rent payments consisting of \$10,000 or more shall be deposited electronically by the Lessee using the Treasury Financial Communications System.

(c). An interest charge will be assessed on overdue Square Footage Rent and Percentage Rent payments for each thirty (30) day period, or portion thereof, that payment is delayed beyond the fifteen (15)-day period provided for above. The percent of interest charged will be based on the current value of funds to the United States Treasury as published quarterly in the Treasury Fiscal Requirements Manual. The Lessor may also impose penalties for late payment to the extent authorized by Applicable Law. Lessor shall have, in addition to all other rights and remedies, the rights and remedies provided herein and by law for nonpayment of Square Footage Rent and Percentage Rent. The requirements of this Article 5.5(c) shall also apply to overdue deposits to the Reserve Fund.

6. IMPOSITIONS

6.1. Lessee's Obligation for Impositions

In addition to Square Footage Rent, Percentage Rent and all other amounts and charges due hereunder, the Lessee covenants and agrees to bear, discharge and pay in United States currency, without offset or deduction, and before delinquency, all Impositions beginning on the Commencement Date and continuing throughout the Lease Term.

6.2. Receipts

The Lessee shall obtain and deliver to the Lessor receipts (or duplicate receipts or other satisfactory evidence of payment) for all Impositions required to be paid by the Lessee promptly upon payment thereof, for which a failure to pay could result in a lien upon the Premises; and in all other cases, upon request of the Lessor.

7. AUDIT AND RECORDS

7.1. Books and Records

The Lessee shall keep, or cause to be kept, accurate and complete records and double entry books in accordance with generally accepted accounting practices, consistently applied, from which the Lessor at all times can determine the nature and amounts of Gross Revenues, including, without limitation, the source of Gross Revenues on a building by building and Sublease by Sublease basis. Without limitation of the foregoing, such records shall show all transactions relative to the conduct and production of Gross Revenues and such transactions shall be supported by documents of original entry. The Lessee shall keep and make available to the Lessor at reasonable times (upon advance notice and during normal business hours), said books of account and records at a location within the State of New Jersey or the City of New York, New York , or at the Premises, for a period of five (5) years after the Lease Year to which they relate; and thereafter in the event of litigation concerning the same until such litigation terminates in final judgment. Any such inspection shall be scheduled as soon as possible upon the request of the Lessor at a time agreed upon with the Lessee and shall be undertaken so as to minimize, to the extent reasonably possible, any interference with the conduct of the Lessee's business. If at any time during the Term, said books, records and accounts prove inadequate to record Gross Revenues or provide other information in the detail herein required, the Lessee shall, upon the request of the Lessor, procure and maintain such books, records and accounts as shall be of a character and form adequate for said purpose.

7.2. Annual Financial Report

The Lessee shall, at the Lessee's sole expense, prepare or cause to be prepared and furnished to the Lessor within ninety (90) days of the end of each Lease Year, an Annual Financial Report.

7.3. Lessor's Audit

Upon reasonable prior notice and during normal business hours, the Lessee shall provide the Lessor access to all records relating to the Premises and the Lessee's use of the Premises hereunder for the purpose of conducting an audit of such records to verify the calculation and payment of Square Footage Rent and Percentage Rent for any of the five (5) preceding Lease Years by an independent certified public accountant. The auditors shall consult with both parties during the audit process. If determined as a result of such audit that there has been a deficiency in the payment of any Square Footage Rent or Percentage Rent, then the deficiency shall become immediately due and payable; and further, shall bear interest at the Interest Rate from the date the payment was due until payment is received. The Lessee shall reimburse the Lessor in full for the cost of the Lessor's audit of the Lessee if an audit results in a deficiency of more than four and four tenths per cent (4.4%) of payments due to Lessor from Lessee in the applicable year. If such audit determines that there has been an overpayment of any charges or rent, such overpayment shall be credited against the next rents and charges due to the Lessor hereunder.

7.4. Reports Furnished to Other Parties

The Lessee shall furnish to the Lessor all reports and financial statements relating to the lease and operation of the Premises or to the Lessee's use of the Premises hereunder that were furnished to any other party, including without limitation the holder of any Leasehold Mortgage.

8. NET LEASE; NO COUNTERCLAIM OR ABATEMENT

8.1. Net Rent

The Square Footage Rent payments, Percentage Rent payments, and Reserve Fund deposits shall be absolutely net to the Lessor and shall be paid or deposited without assertion of any counterclaim, offset, deduction or defense and without abatement, suspension, deferment or reduction. Under no circumstances or conditions shall the Lessor be expected or required to make any payment of any kind whatsoever with respect to the Premises or be under any obligation or liability hereunder except as expressly set forth in this Lease.

8.2. Lease in Full Force and Effect

This Lease shall continue in full force and effect (except as otherwise provided herein), and the obligations of the Lessee hereunder shall not be released, discharged or otherwise affected, by the following reasons: (a) any damage to or destruction of the Premises or any portion thereof or any improvements thereon; (b) any restriction or prevention of or interference with any use of the Premises or the improvements or any part thereof unless caused by Lessor; (c) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other proceeding relating to Lessee or any constituent partner of the Lessee or any Tenant or other person or any action taken with respect to this Lease by a trustee or receiver, or by any court, in any proceeding; (d) any claim that the Lessee or any other person has or might have against the Lessor; (e) any failure on the part of the Lessor to perform or comply with any of the terms hereof or of any other agreement with the Lessee or any other person; (f) any failure on the part of Tenants or other persons to perform or comply with any of the terms of any Sublease or other agreement between the Lessee and any such person; (g) any termination of any Sublease or other agreement, whether voluntary or by operation of law; or (h) if all or any part of the Premises cannot be occupied because of a failure to meet applicable codes.

8.3. Lessee Obligations

The obligations of the Lessee hereunder shall be separate and independent, covenants and agreements. Except as otherwise provided in this Lease, the Lessee hereby waives, to the full extent permitted by Applicable Laws, all rights now or hereafter conferred by such Applicable Laws, to quit, terminate or surrender this Lease or the Premises or any part thereof, or to any abatement, suspension, deferment, diminution in or reduction of any rent hereunder, except to the extent that any building leased shall be damaged and/or destroyed and not rebuilt, in which event the Square Footage Rent shall be appropriately reduced to reflect the reduction of leased square footage caused by the loss of the damaged or destroyed building.

9. COVENANT TO PAY DEBT SERVICE AND OPERATING EXPENSES

The Lessee shall pay or cause to be paid to the respective entity to which it is payable, without limitation of any other obligation set forth hereunder, all debt service on any Leasehold Mortgage, and all operating expenses (except any amount that is the subject of a good faith dispute of which the Lessee is diligently pursuing resolution).

10. USE OF PREMISES

10.1 Authorized and Required Uses

(a). The Lessee shall utilize the Premises as described in Exhibit A, on a mixed-use basis for three principal uses. These uses are (1) educational, (2) general office, and (3) conference and meeting use. Educational uses may also include laboratory and research facilities and other spaces supporting educational uses. Portions of the Premises may be used for incidental uses that are necessary for and incidental to any of the three principal uses. Incidental uses may include food service, overnight accommodations, recreational activities, special events, and maintenance and storage. Educational uses shall not comprise less than thirty percent (30%) or more than fifty percent (50%) of the total square footage of the Premises. Food service and overnight accommodations shall not exceed thirty percent (30%) of the square footage of the Premises. General office space shall not exceed thirty percent (30%) of the square footage of the Premises. Conference and meeting space shall not exceed forty percent (40%) of the square footage of the Premises.

(b). The Lessee shall request the Lessor's approval of the proposed uses of the buildings of the Premises listed in Exhibit A prior to commencement any Leasehold Improvements required for a particular use of the building. Construction may not commence until the proposed use is approved by the Lessor in writing. The Lessee may amend or change approved uses subject to the prior written approval of the Lessor, such approval not to be unreasonably withheld or delayed. No change of the uses of the Premises shall be approved unless the Lessor, among other matters, determines such use to be consistent with Article 10.1(a), the Area's General Management Plan, all Applicable Laws, and that the proposed change will not have an adverse impact on the purposes, resources or administration of the Sandy Hook Unit.

(c). In its use and occupancy of the Premises, the Lessee shall comply with all Applicable Laws. The Lessee shall further comply with such requirements as may be prescribed by the Lessor for use and occupancy of Fort Hancock property, as said requirements may be amended from time.

(d). The Parties hereby acknowledge and agree that the Lessee's covenant that the Premises shall be used as set forth in this Article 10 is material consideration for the Lessor's agreement to enter into this Lease.

(e). Without limitation of any other provision of this Lease, in no event shall the Premises be used for any purpose that is in violation of any public law, ordinance, regulation or order; that may be dangerous to life, limb, property or public health; that in any manner causes, creates, or results in a nuisance; that is of a nature that it

involves substantial hazard, such as the manufacture or use of explosives, chemicals or products that may explode, or that otherwise harms the health or welfare of persons in the physical environment; or that results in any discharge of Hazardous Materials on or under the Premises.

10.2 Operation of the Premises After Completion

The Lessee covenants that upon completion of construction of Lessee Improvements applicable to a particular building of the Premises, if any, the Lessee will continuously and without interruption during the Lease Term, operate the building as set forth in this Article 10; provided that the Lessee's obligations to operate the Premises under this Article shall be suspended in whole or in part during any period of Preservation Maintenance or Alterations undertaken by the Lessee pursuant to Article 15 and Article 25 of this Lease or during reconstruction by reason of damage and/or destruction. All of the foregoing will be limited to those portions of the Premises actually affected and such time reasonably required for such Preservation Maintenance, Lessee Improvements, or Alterations. The hours of operation of any portion of the Premises that are open to the general public shall be subject to approval by the Lessor. The Lessee shall manage and conduct its operations in accordance with a Business and Operating Plan approved by the Lessor. The Lessee shall submit to the Lessor for approval within sixty days of the Commencement of this Lease an initial Business and Operating Plan. The initial Business and Operating plan shall be updated and revised annually by the Lessee and Lessor during the Lease Term.

11. LIMITATION ON EFFECT OF APPROVALS

All rights of the Lessor to review, comment on, approve, inspect or take any other action with respect to the Premises, Lessee Improvements or Alterations, or the design or construction thereof, or any other matter, are specifically for the benefit of the Lessor and no other party. No review, comment, approval or inspection, right or exercise of any right to perform the Lessee's obligations, or similar actions required or permitted by, of, or to the Lessor hereunder, or actions or omissions of the Lessor's employees or agents, or other circumstances shall give or be deemed to give the Lessor any liability, responsibility or obligation for the design, construction, Preservation Maintenance or operation of the Premises, Lessee Improvements or Alterations or the removal and/or correction of any Hazardous Materials on, in or from the Premises or other Fort Hancock property by the Lessee; nor shall any such approval, actions, information or circumstances relieve the Lessee of the sole responsibility for the design, construction, Preservation Maintenance and operation of the Premises and improvements and the removal

and/or correction of Hazardous Materials required under this Lease, if any, except as expressly provided in Article 22.4.

12. CONSTRUCTION AND INSTALLATION APPROVAL

12.1. Approvals Required

The Lessee shall not undertake any Lessee Improvements, Alterations, other construction or the installation of any equipment or other facilities on the Premises (including temporary equipment or facilities) without the prior written approval of the Lessor. Any Alterations or other construction must be consistent with and at least equal in quality to the existing approved Lessee Improvements.

12.2. Prerequisite

As a prerequisite to obtaining approval for Lessee Improvements, Alterations, or other construction, the Lessee, at the Lessee's sole expense, shall submit to the Lessor (a) Design and Construction Documents, approved by the Lessor in accordance with Article 13; (b), if required by the Lessor, evidence of the availability of financing for such Lessee Improvements, Alterations or other construction, in accordance with Article 14; (c) evidence of insurance required pursuant to Article 23.1; and (d) other relevant data as may be required by the Lessor. Additional proposed changes or modifications to the above must be approved by the Lessor.

13. DESIGN OF IMPROVEMENTS AND ALTERATIONS

13.1. Standards

The Lessee shall design the Lessee Improvements, Alterations and any other construction in accordance with the Treatment Standards set forth in Exhibit B hereto.

13.2. Design and Construction Documents

(a). All Design and Construction Documents shall be subject to the prior written approval of the Lessor.

(b). All of the Design and Construction Documents submitted to the Lessor shall be prepared in accordance with the Treatment Standards set forth in Exhibit B hereto.

(c). As Design and Construction Documents are approved by the Lessor, they shall be incorporated as additional attachments to this Lease and shall be a part of this Lease.

(d). In the preparation of the Design and Construction Documents, the Lessee shall review utility plans for the location of existing utilities that may be damaged by the Lessee's construction on the Premises. All existing "as built" utility plans will be furnished by the Lessor showing the locations of all Lessor utilities in the relevant areas. The Lessee is required to obtain all other necessary utility plans from the appropriate public utility companies.

13.3. Copy of Contracts

The Lessee shall, upon request, furnish the Lessor with a correct copy of the Lessee's contracts (in excess of five thousand dollars \$5000.00) with any architects, contractors, or other consultants engaged in connection with this Lease.

14. SUBMISSION OF EVIDENCE OF FINANCING; CLOSING OF FINANCING

14.1. Evidence of Financing

Prior to undertaking Lessee Improvements or Alterations, and, by a date sufficient to permit completion of the Lessee Improvements or Alterations in a timely manner in accordance with the requirements of this Lease, the Lessee shall submit to the Lessor commercially reasonable evidence, satisfactory to the Lessor, that the Lessee has obtained a commercially reasonable commitment for financing necessary for the construction of the Lessee Improvements or Alterations for which Lessee is seeking approval ("Financing Commitment"). The Lessor shall approve or disapprove the Financing Commitment and the lender(s) thereunder within thirty (30) business days of receipt thereof. If the Lessor shall disapprove the Financing Commitment or the lender(s) thereunder, the Lessor shall do so by written notice to the Lessee stating the reasons for such disapproval. The Lessee shall promptly obtain and submit to the Lessor any new Financing Commitment. The Lessor shall approve or disapprove such new Financing Commitment and the lender(s) thereunder in the same manner. Any conditions to the obligations of the lender(s) to fund the loan including, but not limited to, approval of title exceptions, survey, the Lease, and the Design and Construction Documents, shall be submitted to the Lessor, in writing, and shall be subject to the prior written approval of the Lessor. In the event that Lessor shall fail to disapprove any Financing Commitment within the time period provided for herein, then the same shall be conclusively deemed approved.

14.2. Closing of Financing

Prior to the commencement of construction of Lessee Improvements or Alterations, and after the Lessor's approval of such construction as required by

Article 12, the Lessee shall close its financing under the approved Financing Commitment so that the resulting construction funds are available for such Lessee Improvements or Alterations. Such funds, when combined with any equity funds, grants or subsidies that the Lessee shall then have available, shall constitute all funds necessary to complete the Lessee Improvements or Alterations. The Lessee shall furnish the Lessor with satisfactory evidence that any such funds are either on deposit or are available as construction progresses, and, that such funds, when combined with the financing funds, constitute all funds necessary to complete the Lessee Improvements or Alterations.

14.3. Copies of Documents

The Lessee shall deliver to the Lessor copies of all documents to evidence the commitment of construction financing for Lessee Improvements or Alterations, any other construction or other arrangements to provide for payment for work undertaken by the Lessee. Such evidence shall be in a form and substance satisfactory to the Lessor.

15. CONSTRUCTION OF LESSEE IMPROVEMENTS AND ALTERATIONS

15.1 Construction of Lessee Improvements or Alterations

(a). If granted permission pursuant to Article 12, the Lessee hereby agrees and covenants to commence and engage diligently in, at the Lessee's sole expense, the construction of Lessee Improvements and Alterations as described herein and in accordance with the final Design and Construction Documents approved by the Lessor, all in accordance with the provisions of this Article 15. The Lessee shall make available to the Lessor any historic materials (as determined by Lessor) that may be removed by the Lessee in the course of Lessee Improvements. The Lessor may choose to accept or reject any particular historic materials. It is a material part of the consideration to the Lessor under this Lease that the Lessee commence and complete construction of Lessee Improvements with respect to each building included in the premises in accordance with the phases and schedules set forth as Exhibit A. The Lessee will diligently pursue such construction until completion. The Lessor may agree to modifications of the list of buildings contained in each phase described in Exhibit A so long as the total square footage of the buildings contained in Phases I or II are not reduced by more than ten percent (10%) and that all buildings of the Premises remain included in one of the three phases described in Exhibit A.

(b). Notwithstanding the foregoing, the Lessee shall not be considered in Default under this Article 15.1 in the event of an enforced delay in the performance of its obligations, due to unforeseeable causes beyond the Lessee's control and without any fault or negligence on the part of the Lessee. Such unforeseeable causes include, without limitation, acts of God, public enemies, war, invasion, insurrection, rebellion, riots, fires, floods, epidemics, quarantine restrictions, strikes, lockouts, freight embargoes, and unusually severe weather delays, or any other similar cause, all so long as such unforeseeable causes do not cause a delay in excess of six (6) months. The purpose and intent of this provision is that, in the event of the occurrence of any such enforced delay, the time or times for performance of the Lessee shall be extended for the period of the enforced delay.

15.2. Construction Contract

The Lessee shall, upon request, furnish the Lessor a correct copy of any contract with the Lessee's general contractor, any architect, and any other consultant, or any modification to or amendment thereof.

15.3. General Construction Requirements

(a). All Lessee Improvements and Alterations shall be done at the Lessee's sole expense. All construction and work shall be performed in a good and workmanlike manner and with materials of at least the quality and standard of materials used in comparable facilities in the Central New Jersey Area. The Lessee shall construct Lessee Improvements and Alterations in accordance with all Applicable Laws, including Treatment Standards, and the Design and Construction Documents and in accordance with the provisions of this Article 15 and all other provisions of this Lease. The Lessee shall construct, install and maintain equipment and any construction facilities on the Premises in a safe, thorough and reliable manner.

(b). The Lessee shall not construct any improvements outside the boundaries of the Premises; provided that, if approved in writing by the Lessor, the Lessee may make improvements for utility infrastructure purposes and may landscape outside the boundaries of the Premises.

(c). Any material change in the Design and Construction Documents and any deviation in the actual construction of any Lessee Improvements or Alterations from such approved design elements shall be subject to the Lessor's prior written approval.

(d). The Lessee shall prepare and maintain on the Premises on a current basis during construction, annotated Design and Construction Documents showing clearly all changes, revisions and substitutions during construction.

(e). The Lessee shall stop work on any construction activity if notified by the Lessor in writing that the activity is unsafe, may adversely affect natural or cultural resources in an unforeseen manner or is not in conformance with approved Design and Construction Documents.

15.4. Construction Completion Procedures

(a). Upon completion of the construction of Lessee Improvements or Alterations on the Premises or any part thereof, the Lessee shall submit to the Lessor a notice of such completion.

(b). Upon completion of construction of Lessee Improvements or Alterations, the Lessee shall deliver to the Lessor evidence, satisfactory to the Lessor, of payment of all expenses, liabilities, and liens arising out of or in any way connected with such construction (except for liens that are contested in the manner provided herein).

(c). Upon completion of the construction of Lessee Improvements or Alterations, the Lessee shall provide the Lessor with a complete set of as built drawings showing all revisions and substitutions during construction, including field changes and the final location of all mechanical equipment, utility lines, ducts, outlets, structural member, walls, partitions and other significant features of Lessee Improvements or Alterations. This information will be provided in a format approved by the Lessor.

(d). Upon completion of construction of Lessee Improvements or Alterations, the Lessee shall provide the Lessor with a complete inventory of all FF&E. The Lessee shall provide the Lessor with an updated list of such items not less often than annually. The Lessee shall provide the Lessor with a copy of any physical inventory undertaken at any time by or on behalf of the Lessee.

(e). Upon approval by the Lessor of the completion of Lessee Improvements or Alterations of particular buildings of the Premises, the Lessor will issue a Certificate of Occupancy or similar document for the building or buildings, such approval not to be unreasonably withheld or delayed.

15.5. On Site Inspection

The Lessor shall be entitled to have on the Premises at any time during the construction of Lessee Improvements, Alterations or other construction an inspector or representative who may observe all aspects of the construction on the Premises. No inspection performed or not performed by the Lessor hereunder shall give or be deemed to give the Lessor any responsibility or liability with respect to the work or the prosecution thereof or the design or construction of Lessee Improvements, Alterations or other construction; or constitute or be deemed to

constitute a waiver of any of the Lessee's obligations hereunder or be construed as approval or acceptance of the work or the prosecution thereof or the design or construction of Lessee Improvements, Alterations or other construction.

16. PERMITS AND APPROVALS

Except as otherwise provided in this Lease, the Lessee shall be solely responsible for obtaining, at its expense, the approval of any Agency for any permit or other governmental action necessary to permit the activities under this Lease.

Notwithstanding the foregoing, the Lessee shall not submit to any Environmental Impact Statement consultant or to any Agency information regarding the Lessor or the Lessor's lands without the Lessor's prior approval. The Lessor, at no expense to itself, shall cooperate with the Lessee to the extent reasonably required to obtain all such permits and approvals.

17. EXCAVATION, SITE AND GROUND DISTURBANCE

The Lessee shall cut no timber or remove any other landscape features such as shrubs or bushes without Lessor's prior written consent; conduct no mining or drilling operations; remove no sand, gravel or similar substances from the ground; commit no waste of any kind; or in any manner change the contour or condition of the Premises or other Fort Hancock property without Lessor's prior written consent. The Lessee shall give the Lessor not less than thirty (30) days written notice of the scheduled commencement of any site and ground disturbance on any portion of the Premises. Written approval for excavation and an archaeological clearance are required prior to any digging or excavation at the Sandy Hook Unit. Lessee shall reimburse the Lessor for it's for excavation and archeological clearance costs.

18. OWNERSHIP OF IMPROVEMENTS

This Lease will not vest in the Lessee any property interest in the Premises or in the improvements thereon. Title to real property and improvements thereon, including Lessee Improvements and Alterations, shall be and remain solely with the Lessor.

19. PRESERVATION MAINTENANCE

19.1. Preservation Maintenance Plan

The Lessee, during the Lease Term, at its expense, without cost to the Lessor, and subject to the approved Preservation Maintenance Plan; (a) shall promptly and continuously perform all Preservation Maintenance; (b) shall allow no nuisances to exist or be maintained thereon; and (c) shall not commit or permit waste upon the Premises. All materials utilized in the performance of Preservation Maintenance shall be at least of a nature and quality of materials used at comparable facilities in the Central New Jersey Area.

19.2. Submission by Lessee

Within thirty (30) calendar days of the issuance of the Certificate of Occupancy for each building of the Premises, the Lessee shall submit for approval by the Lessor a Preservation Maintenance Plan, said Plan shall, upon request of the Lessor, be periodically amended during the Term.

19.3. No Lessor Maintenance Obligations

Except as specifically set forth in this Lease, the Lessor shall not be obligated to perform any Preservation Maintenance or Alterations of any kind, nature or description whatsoever to the Premises or the improvements; and the Lessee hereby expressly waives any right to terminate this Lease and any right under any Applicable Laws that would otherwise permit the Lessee to perform Preservation Maintenance or Alterations at the Lessor's expense. Lessor agrees that it shall be responsible for the maintenance, replacement and repair of the sewer and water systems up to but not including the lateral from the main line serving each building comprising the Premises.

20. UTILITIES

20.1. Lessee Arrangements

The Lessee shall make all arrangements with the Lessor and other appropriate utility providers, for all utilities furnished to the Premises (and shall pay for use of same), including gas, electricity, other power, water, cable, telephone and other communication services, sewage, garbage, service fees and Impositions thereon. The Lessee shall pay the Lessor for utilities provided by the Lessor to Lessee at rates established by the Lessor in accordance with applicable Service-wide guidelines.

20.2. Transfer by Lessor

The Lessor reserves the right to transfer the responsibility for delivery and system repair and maintenance for water and sewer utilities now delivered and billed by

the Lessor to another utility provider, who in turn shall have the authority to service and bill the Lessee directly.

21. COMPLIANCE WITH APPLICABLE LAWS; NEPA; NHPA

21.1. General Compliance

The Lessee, at the Lessee's sole expense, shall promptly comply with all Applicable Laws. The Lessee shall give the Lessor immediate written notice of any notice of violation of Applicable Laws received by or on behalf of the Lessee and, at its sole expense, shall promptly rectify any such violation.

21.2. National Environmental Policy Act and National Historic Preservation Act

Where activities undertaken by the Lessee require the preparation of compliance documents pursuant to the National Environmental Policy Act (NEPA) or the National Historic Preservation Act (NHPA), the Lessee shall supply all necessary information to the Lessor and any appropriate Agency in a timely manner. No Lessee Improvements, Alterations or other construction or installation activities shall occur until all applicable NEPA and NHPA requirements have been met.

22. HAZARDOUS MATERIALS; ENVIRONMENTAL HEALTH AND SAFETY

22.1. Copies of Reports

One party shall make available to the other, copies of any and all reports either party may have in its possession (or obtains) in connection with the presence of Hazardous Materials on the Premises.

22.2 Hazardous Materials

(a). No Hazardous Materials shall be used, treated, kept, stored, sold, released, discharged or disposed of from, on about, under or into the Premises except in compliance with all Applicable Laws and as approved by the Lessor.

(b). If the Lessee knows, reasonably suspects or receives notice or other communication concerning any actual, alleged, suspected or threatened violation of Environmental Requirements, or liability for or release of Hazardous Materials in connection with the Premises or past or present activities of any person thereon, including but not limited to notice or other communication concerning any actual or threatened investigation, inquiry, lawsuit, claim, citation, directive, summons, proceeding, complaint, notice, order, writ, or injunction, relating to any such

violation or liability, then the Lessee shall deliver to the Lessor, within ten (10) business days of the receipt of such notice or communication, a written description of said information, together with copies of any documents in the lessee's possession evidencing same.

(c). If any Hazardous Materials Occurrence caused by Lessee or a Tenant, or agents, employees, contractor's or invitees of Lessee or a Tenant, results in any contamination of the Premises, other Fort Hancock property or neighboring property, the Lessee shall promptly take all actions at its sole expense as are required to comply with Applicable Laws and to allow the Premises or such other property to be used free of any use restriction imposed under Applicable Laws as a result of such Hazardous Materials; provided that, except in cases of emergency, the Lessor's approval of such actions shall first be obtained.

(d). The Lessor shall have the right (not the duty) at any time, in its sole discretion, to enter and conduct an inspection of the Premises, including invasive tests on portions of the Premises outside buildings and other permanent structures; to determine whether the Lessee is complying with the terms of this Article 22, including but not limited to the compliance of the Premises and the activities thereon with Environmental Requirements and the existence of Hazardous Materials in, on or under the Premises. The Lessor shall have the right (not the duty) to retain independent professional consultants to enter the Premises to conduct such an inspection and to review any report prepared by or for the Lessee concerning such compliance. The Lessee hereby grants to the Lessor, and the agents, employees, consultants and contractors of the Lessor, the right to enter the Premises upon advance notice to the Lessee, and to perform such test on the Premises as are reasonably necessary in the opinion of the Lessor to conduct such review and investigations. Upon the Lessee's request, the Lessor shall make available to the Lessee copies of all reports and written data obtained by the Lessor from such tests and investigations.

(e). Should the Lessee fail to perform or observe any of its obligations or agreements pertaining to Hazardous Materials or Environmental Requirements for a period of thirty (30) days (or such longer period of time as is reasonably required) after notice, then the Lessor shall have the right (not the duty) without limitation of any other rights of the Lessor hereunder, personally or through its agents, consultants or contractors, to enter the Premises and perform the same. The Lessee agrees to reimburse the Lessor for the costs thereof and to indemnify the Lessor for liabilities therefrom as set forth in Section 22.6.

22.3. Management of Hazardous Materials, Lead-based Paint, Asbestos

(a). The Lessee shall use, manage, treat, keep, store, release discharge and dispose of its Hazardous Materials in accordance with all applicable Environmental Requirements. The Lessee agrees to be responsible for timely acquisition of any permits required for its Hazardous Materials related activities and will be fully responsible for compliance with the provisions and conditions of such permits. The Lessee shall provide to the Lessor upon request therefor by the Lessor, inventories of all Hazardous Materials and any supporting documentation necessary fully to identify the Hazardous Materials, including but not limited to material safety data sheets and uniform waste manifest forms. In addition, the Lessee shall provide, upon the request of the Lessor therefor, any information regarding the handling of Hazardous Materials on the Premises, including but not limited to any permits. In complying with this Article, the Lessee may not utilize the Lessor's accumulation point for Hazardous Materials, or other Hazardous Material management facilities of the Lessor, unless otherwise agreed to by the Lessor. The Lessee must provide, at its own expense, such Hazardous Material management facilities, complying with all Applicable Laws. Furthermore, the Lessee shall not permit its Hazardous Materials to be commingled with the Hazardous Materials of the Lessor, if any.

(b). The Lessee shall develop and implement a management and correction plan for lead-based paint for the construction of Lessee Improvements, Alterations, and the ongoing Preservation Maintenance of the Premises.

(c). The Lessee understands and acknowledges that the Premises may contain asbestos. Therefore, the Lessee hereby agrees that, during the Lease Term, any necessary costs of removal or correction with respect to asbestos shall be borne solely by the Lessee. Whenever the Lessee performs Preservation Maintenance, or Alterations or other construction, the Lessee shall comply with all applicable Environmental Requirements related to the removal or correction of asbestos. Nothing in this Lease shall be construed to require the Lessee to remove asbestos unless Environmental Requirements require such removal.

(d). The Lessee shall develop and implement a management and correction plan for asbestos for the construction of Lessee Improvements, Alterations, and the ongoing Preservation Maintenance of the Premises.

22.4. Pre-Existing Hazardous Materials

Notwithstanding anything to the contrary contained in this Lease, if the Lessee or any of the Lessee's contractors, agents or employees discover any Pre-existing Hazardous Materials, in, on, or under the Premises, the Lessee shall immediately notify the Lessor and shall take all precautions and actions with respect to such Pre-existing Hazardous Materials that are required by any Agency to comply with

Applicable Laws, that insure that any such Pre-existing Hazardous Materials are not disturbed further or exacerbated, and that allow the Premises to be used and occupied for the purposes set forth in Article 10.

22.5. Environmental and Health and Safety Compliance

(a). The Lessee agrees to comply with all Applicable Laws and exercise such precautions as are necessary to protect the health and safety of all persons on the Premises at all times. The Lessee agrees to be subject to periodic inspections by the Lessor's fire and safety officers or agents to guarantee that all Applicable Laws are being followed and shall, within a reasonable period of time after notice of same, correct any deficiencies in such compliance to the satisfaction of the Lessor.

(b). The Lessee shall not undertake any activities on portions of the Premises scheduled for environmental correction unless it has received prior written approval from the Lessor and from the New Jersey State EPA, and/or the Federal, State or local lead Agency. The Lessee agrees to report all employee and visitor accidents to the Lessor in conformance with the Lessor's requirements and the Area's safety program for the Sandy Hook Unit.

22.6. Indemnities for Hazardous Materials

(a). The Lessee shall indemnify, defend, save and hold the Lessor, its employees, successors, agents and assigns, harmless from and against, and reimburse the Lessor for any and all claims, demands, damages, injuries, losses, penalties, fines, costs, liabilities, causes of action, judgments, and expenses, including without limitation, consultant fees and expert fees, that arise during or after the Lease Term as a result of any Hazardous Materials Occurrence other than a Hazardous Materials Occurrence caused by Lessor or occupants of the Premises or the Fort Hancock area prior to the term of this Lease.

(b). The Lessee expressly agrees that the Lessor, its agents, employees, successors and assigns, shall not be liable for any costs or injuries incurred by the Lessee, its employees, contractors, consultants or other agents during the Lease Term resulting from contamination caused by the Department of the Army, United States Coast Guard, or any other tenant, concessionaire, or permittee of the Lessor.

(c). With respect to Pre-existing Hazardous Materials discovered in, on, or under the Premises, the Lessee shall have all of the benefits to which it is entitled deriving from that certain indemnification with respect to environmental restoration provided by the (the United States Department of the Army, as set forth in Section 330 of Public Law 102-484, as amended.)

(d). The provisions of this Article 22.6 shall survive the expiration or termination of this Lease. The provisions of Article 23 of this Lease shall not limit in any way the Lessee or Lessor's obligations under this Article 22.

23. INSURANCE

23.1. Construction Insurance

The Lessee shall obtain, and keep in force during all of all Lessee Improvements, Alterations, and other construction work, at its sole expense, the following:

(a). If requested by Lessor at any time, performance and payment bonds approved by the Lessor and naming any Leasehold Mortgagee as an additional obligee, which bonds shall cover payment of all obligations arising under all contracts let in connection with the construction of Lessee Improvements, Alterations or other work ("Construction Contract") and guaranteeing performance and payment under such Construction Contracts, and payment in full of all claims for labor performed and materials supplied under such Construction Contracts. The bonds shall be issued by a responsible surety company, licensed to do business in New Jersey, in an amount not less than the amount of the respective Construction Contract, including without limitation amounts for cost overruns, price increases, change orders, forced delays and the like, and shall remain in effect until the entire work under such Construction Contract shall have been completed.

(b). During the course of construction of Lessee Improvements, Alterations or other work, to the extent not covered by other property insurance maintained by the Lessee, comprehensive "all risk" or "special form" builder's risk insurance, including vandalism and malicious mischief, covering all Lessee Improvements, Alterations or other work in place on the Premises, all materials and equipment stored at the Premises and furnished under a Construction Contract, and all materials and equipment that are in the process of fabrication at the Premises of any third party or that have been placed in due course of transit to the Premises when such fabrication or transit is at the risk of, or when title to or an insurable interest in such materials or equipment, has passed to the Lessee or its construction manager, contractors or subcontractors (excluding any contractors', subcontractors', and construction managers' tools and equipment, and property owned by the employees of the construction manager, and contractor or any subcontractor), such insurance to be written on a completed value basis in an amount not less than the full estimated replacement cost of all Lessee Improvements, Alterations or other work, as applicable.

23.2. Insurance During the Lease Term

In addition to the insurance required pursuant to Section 23.1 hereunder, at all times during the Lease Term and at its sole expense, the Lessee shall obtain and keep in force for the benefit of the Lessee and Lessor the following insurance coverage:

- (a). Property Insurance – on an All Risk or Special Form, including vandalism and malicious mischief and, if applicable, boiler machinery and pressure vessel insurance. The amount of such insurance shall be the Full Insurable Replacement Value. All such policies shall include an “agreed amount” endorsement of coverage in lieu of a coinsurance provision under the policy. Each such policy of property insurance and all other policies of property insurance on the Premises and/or on the property of the Lessee in, upon or about the Premises, including, without in any way limiting the generality of the foregoing, business interruption or rental income or rental loss insurance, that shall be obtained by the Lessee, shall be made expressly subject to the provisions of this Article 23.
- (b). Worker’s Compensation and Employer’s Liability Insurance – Worker’s Compensation Insurance in the statutory amounts and coverage required under worker’s compensation, disability and similar employee benefit laws applicable to the Premises and to the Lessee’s use and occupancy of the Premises hereunder, and Employer’s Liability Insurance, with limits of not less than one million dollars (\$1,000,000.00) for bodily injury incident and one million dollars (\$1,000,000.00) aggregate, or such higher amounts as may be required by law.
- (c). General Liability – Comprehensive or Commercial General Liability through one or more primary and umbrella liability policies against claims for bodily injury and property damage occurring on the Premises, the improvements thereon, or the streets, curbs or sidewalks adjoining the Premises, with such limits as may be required by the Lessor, but in any event not less than two million dollars (\$2,000,000.00) per incident and four million dollars (\$4,000,000.00) aggregate for the Premises. Such insurance shall insure the performance by the Lessee of its indemnity obligations under this Lease. If any Agency requires insurance or bonds with respect to any proposed or actual use, storage, treatment or disposal of Hazardous Materials by the Lessee or any sub-lessee, tenant, or licensee of the Lessee, the Lessee shall be responsible for such insurance and bonds and shall pay or cause to be paid all premiums and charges connected therewith; provided, however, that this provision shall not and shall not be deemed to modify the provisions of Article 22 hereof.
- (d). Such insurance shall [1] delete any employee exclusion on personal injury coverage; [2] include employees as additional insured; [3] provide for broad form blanket contractual coverage, including liability assumed by and the obligations of

the Lessee under Article 24 for bodily injury, death and/or property damage; [4] provide Products and Completed Operations and Independent Contractors coverage and Broad Form Property Damage liability coverage without exclusions for collapse, explosion, demolition, underground coverage and excavating, including blasting; [5] provide liability coverage on all mobile equipment used by the Lessee; [6] provide liability coverage, if applicable, and automobile liability coverage for owned, non-owned and hired vehicles; and [7] include a cross liability endorsement (or provision) permitting recovery with respect to claims of one insured against another. Such insurance shall insure against any and all claims for bodily injury, including death resulting therefrom, and damage to or destruction of property of any kind whatsoever and to whomever belonging and arising from the Lessee's conduct and operations hereunder and whether arising from acts or omission of the Lessee, or its officers, directors, agents or employees, contractors, subcontractors, or by any other person or entity for whom the Lessee may have liability.

(e). Business Interruption or Rental or Income Insurance – against loss of income, including loss of rental income from the Premises, under a business interruption and extra expense policy, covering risk of loss due to causes not otherwise insured hereunder, in an amount not less than the total of the Lessee's obligations for one (1) year under Paragraphs 5 and 6 hereof.

(f). Other – all other insurance that the Lessee should reasonably maintain to adequately protect the Premises.

23.3. Conditions on Insurance

(a). The policy or policies evidencing construction, property and liability insurance shall provide that in the event of loss thereunder, the proceeds of the policy or policies shall be payable to the Lessee to be used solely for the Preservation Maintenance or Alterations of the property damaged or destroyed, as approved and directed by the Lessor, with any balance of the proceeds not required for such Preservation Maintenance or Alterations to be paid to the Lessee; provided, however, that the insurer, after payment of any proceeds, shall have no obligation or liability with respect to the use or disposition of the proceeds.

(b). If any policy of property insurance relating to this Lease or to the Premises does not permit the foregoing waiver or if the coverage under any such policy would be invalidated as a result of such waiver, the party maintaining such policy shall (i) if available, obtain from the insurer under such policy a waiver of all right of recovery by way of subrogation against either party in connection with any claim, loss or damage covered by such policy, or (ii) name the other party as an

additional insured under its policy if the waiver provided for in (i) is not obtainable.

(c). The proceeds of any policy or policies evidencing construction, property and liability insurance shall be payable in accordance with Section 25.4 for application in accordance with this Lease and any loss adjustment or disposition of insurance proceeds by the insurer shall require the written consent of both the Lessor and Lessee for losses in excess of one hundred thousand dollars (\$100,000.00).

(d). All construction, property, and general liability insurance hereunder shall name the United States of America, National Park Service, Gateway National Recreation Area, as an additional insured.

23.4. Policy Form and General

(a). All of the insurance required under this Lease, including without limitation, the provisions of Article 15 and this Article 23, and all renewals thereof, shall be issued by one or more companies of recognized responsibility licensed to do business in New Jersey with a financial rating of at least a Class B+ (or equivalent) status, as rated in the most recent edition of Best's Insurance Reports (or equivalent) or as otherwise acceptable to the Lessor.

(b). Any deductible or self insurance retention for Property Insurance required pursuant to this Article shall be per occurrence, and subject to the Lessor's prior written approval, not to be unreasonably withheld or delayed, and shall be commensurate with such deductible as is generally provided for in policies carried by prudent operators of comparable properties in the New Jersey Area. Liability coverage will carry no deductible. All deductibles and self-insurance retention shall be paid by the Lessee. All insurance of the Lessee shall be primary coverage.

(c). All policies provided for herein expressly shall provide that such policies shall not be canceled, terminated or altered without thirty (30) days prior written notice to the Lessor. A copy of each policy or a certificate of the policy executed by a properly qualified representative of the insurance company evidencing that the required insurance coverage is in full force and effect, shall be provided by the Lessee to the Lessor on or before the Commencement Date, and annually thereafter. The Lessee shall maintain all policies provided for herein throughout the Lease Term, and the Lessee shall renew or replace such policies before the expiration of the term of the policy. Except for specific provisions described herein, no exclusion shall be permitted in any policy if it conflicts with any coverage required hereby, and, in addition, no policy shall contain any exclusion from liability for personal injury or sickness, disease or death or that in any way impairs coverage under the contractual liability coverage described above.

(d). If the Lessor at any time, but not more than annually, believes that the limits or extent of coverage, deductibles or self insurance retention, with respect to any of the insurance required in this Article 23, are either excessive or insufficient for a prudent owner of property of the nature of the Premises, the Lessor may determine the proper and reasonable limits and extent of coverage, deductibles and self insurance retention limits for such insurance and such insurance shall thereafter be carried by the Lessee with the limits and extent of coverage, deductibles and self insurance retention limits as so determined upon until further change pursuant to the provisions of this subsection. Notwithstanding any of the foregoing to the contrary, the limits of liability insurance required under subsection 23.2(c), may be increased but shall in no event be reduced pursuant to this subsection below the dollar amount previously stated.

(e). The Lessee assumes full risk and responsibility for any inadequacy of insurance coverage or any failure of insurers. No approval by the Lessor of any insurer, or the terms or conditions of any policy, or any coverage or amount of insurance, or any deductible amount shall be construed as a representation by the Lessor of the solvency of the insurer or the sufficiency of any policy or any coverage or amount of insurance or deductible.

(f). The Lessee shall not do anything, or permit anything to be done, in or about the Premises or on adjacent or nearby property that would [1] invalidate or be in conflict with the provisions of any fire or other insurance policies covering the Premises, or any property located therein, or [2] result in a refusal by insurance companies of good standing to insure the Premises or any such property in amounts required hereunder.

24. INDEMNITY

The Lessee shall indemnify, defend, save and hold the United States of America, its employees, successors, agents and assigns, harmless from and against, and reimburse the United States of America for any and all claims, demands, damages, injuries, losses, penalties, fines, costs, liabilities, causes of action, judgments, and expenses, including without limitation expenses incurred in connection with or arising in any way out of this Lease, the use, occupancy or manner of use or occupancy of the Premises by the Lessee or any other person or entity, the design, construction, maintenance, or condition of any improvements on the Premises, the condition of the Premises, and/or any accident or occurrence on the Premises from any cause whatsoever; provided, however, that the Lessee shall not be liable to the extent that the damages, expenses, claims or suits result from the willful misconduct or negligence of the United States of America, or its employees,

contractors, or agents; provided, further, that the United States of America shall be liable only to the extent such claims are covered by the Federal Tort Claims Act.

The provisions of this Article shall survive the expiration or termination of this Lease. The provisions of Article 23 shall not limit in any way the Lessee's obligations under this Article.

25. DAMAGE OR DESTRUCTION

25.1. No Termination; No Effect on Rental Obligation

No loss or damage by fire or other cause resulting in either partial or total destruction of the Premises, the improvements thereon, any other property on the Premises shall, except as otherwise expressly provided in this Lease, operate to terminate this Lease. Except to the extent specifically provided for in this Lease, no such loss or damage shall affect or relieve the Lessee from the Lessee's obligation to pay the Square Footage Rent and Percentage Rent provided for under Article 5 hereof, and in no event shall the Lessee be entitled to any prorated return or refund of such charges or rent paid hereunder. Unless this Lease, with respect to a particular building or buildings, is terminated pursuant to and in accordance with this Article 25, no such loss or damage shall relieve or discharge the Lessee from the payment of Impositions or other charges, exclusive of Square Footage Rent, as they become due and payable, or from the performance and observance of any of the agreements, covenants and conditions herein contained on the part of the Lessee to be performed and observed.

25.2. Evaluation of Extent and Effect of Damage

Upon the occurrence of any event of damage or destruction to the Premises, the improvements thereon or any portion thereof, the Lessee shall promptly undertake to determine the extent of the same and the estimated cost and time to perform Preservation Maintenance, Alterations or other construction of such property in accordance with the provisions of this Lease. The Lessee shall notify the Lessor of its estimation of such cost and time as soon as reasonably practicable but not later than ninety (90) days after the occurrence of the damage or destruction.

25.3. Damage or Destruction; Duty to Restore

If the Premises, the improvements thereon, or any portion thereof are damaged or destroyed at any time during the Lease Term and this Lease is not terminated pursuant to and in accordance with its terms, the Lessee, as promptly as reasonably practicable and with all due diligence, shall prosecute to completion Preservation Maintenance and Alterations of such property, including, without limitation, repair

and/or replacement, as directed by the Lessor in its sole discretion; provided, however, that if the Lessor, in its sole discretion, determines not to permit such Alterations, including, without limitation, repair and/or replacement, of damaged or destroyed property, the applicable insurance proceeds shall be distributed to the Lessor and Lessee as their interests may appear based on the extent of their respective interests in the damaged or destroyed property.

25.4. Application of Insurance Proceeds

All insurance proceeds received by or payable to any party with respect to such damage (except proceeds of insurance covering loss or damage of the Lessee's Personal Property), less actual expenses incurred in connection with the collection thereof, shall be held by the Lessee or Lessee's Mortgagee in an interest bearing account, with all interest accrued thereon deemed proceeds of insurance for purposes of this Lease, and such proceeds shall be applied to the costs of the Preservation Maintenance and Alterations of the improvements, as the case may be, and as directed by the Lessor. The Lessee shall pay any amount by which insurance proceeds received as a result of such damage are insufficient to pay the entire cost of such Preservation Maintenance and Alterations. Without limitation of the foregoing, the Lessee shall be responsible for replacing and restoring all FF&E necessary for the operation of the Premises. Notwithstanding the foregoing, if required by the Lessor, an insurance trustee acceptable to the Lessor shall hold such proceeds for application in accordance with this Lease. Lessor hereby consents to Lessee's Mortgagee being the insurance trustee. Nothing herein contained shall be construed as an obligation upon the Lessor to perform Preservation Maintenance or Alterations, of the Premises or any part thereof. Use of insurance proceeds for Preservation Maintenance or Alterations will not alter their character as Lessor structures.

25.5. Excess Insurance Proceeds

If there are proceeds of insurance in excess of that required for Preservation Maintenance or Alterations required under this Article, upon receipt by the Lessor of satisfactory evidence that such work has been fully completed and paid for in accordance with the provisions of Article 15 and that the last day for filing any mechanic's or supplier of materials' liens have passed without the filing of any, or if filed, any such lien has been released, any remaining amount of such proceeds of insurance shall be paid to the Lessee (or Lessee's Mortgagee, if required).

25.6. Emergency Repairs

If a casualty occurs, there is a substantial possibility that immediate emergency repairs will be required to eliminate defective or dangerous conditions and to comply with Applicable Laws pending settlement of insurance claims and prior to

procuring bids for performance of repairs. Notwithstanding any provision of this Article to the contrary, the Lessee shall promptly undertake such emergency repair work after a casualty as is necessary or appropriate under the circumstances to eliminate defective or dangerous conditions and to comply with Applicable Laws.

26. LIENS

26.1. No Power in Lessee to Create

The Lessee shall have no power to do any act or to make any contract that may create or be the foundation for any lien, mortgage or other encumbrance upon the reversion, fee interest or other estate of the Lessor or of any interest of the Lessor in the Premises, except for such actions or contracts contemplated and taken in accordance with this Lease.

26.2. Discharge of Liens by Lessee

The Lessee shall not suffer or permit any liens known to the Lessee to stand against the Premise, the improvements thereon, or any part thereof by reason of any work, labor, or services performed for or materials supplied to, or claimed to have been supplied to the Lessee. If any such lien shall at any time be filed against the Premises, the improvements thereon, or any part thereof, the Lessee shall cause the same to be discharged of record within sixty (60) days after notice to the Lessee of filing the same, by either payment, deposit or bond, unless such lien shall be contested. If the Lessee fails to discharge or contest such lien within such period and such failure shall continue for a period of fifteen (15) days after notice by the Lessor, then, in addition to any other right or remedy of the Lessor, the Lessor may, but shall not be obligated to, procure the discharge of the same either by paying the amount claimed to be due, by deposit in court, or by bonding. All amounts paid or deposited by the Lessor for any of the aforesaid purposes, and all other expenses of the Lessor and all necessary disbursements in connection therewith, in defending any such action or in procuring the discharge of such lien, shall become due and payable forthwith by the Lessee to the Lessor upon written demand therefor.

26.3. No Consent or Waiver by Lessor

Nothing in this Lease shall be deemed to be, or be construed in any way as constituting, the consent or request of the Lessor, expressed or implied, by inference or otherwise, to any person, firm or corporation, for the performance of any labor or the furnishing of any materials for any Lessee Improvements, Preservation Maintenance, Alterations or other construction of or to the Premises or any part thereof, or as giving the Lessee any right, power or authority to contract

for or permit the rendering of any services or the furnishing of any materials that might in any way give rise to the right to file any lien against the Lessor's interest in the Premises.

27. TRANSFER AND SUBLEASES

27.1. No Transfer or Subleases without Approval

(a). The Lessor is entering into this Lease in reliance on the particular and unique skills and reputation of the Lessee, and the Lessor would not enter into this Lease except for such particular and unique skills and reputation. The Lessor and the Lessee expressly agree that, except as otherwise expressly provided in this Lease, no Transfer or Subleases shall be made without the prior express written approval of the Lessor, not to be unreasonably withheld or delayed.

(b). If requested by Lessee, Lessor will execute a separate lease or leases with the Lessee for portions of the Premises on the same terms and conditions as set forth in this Lease, provided that any such separate leases do not alter or diminish in any manner the obligations of the Lessee under this Lease to undertake Leasehold Improvements and manage the Premises in their entirety and do not otherwise in any manner diminish the rights of the Lessor under the terms of this Lease. In connection with any such separate leases that may be executed, Lessor and Lessee also will execute a conforming amendment to this Lease with respect to the scope of the Premises.

27.2. Approval of Transfers and Subleases

(a). The Lessee shall not effectuate a Transfer of this Lease, in whole or in part, or any property on the Premises, nor sublet the Premises or any part thereof or any property thereon, nor grant any interest, privilege or license whatsoever in connection with this Lease without the express prior written permission of the Lessor, which permission shall not be unreasonably withheld or delayed. The Lessor's response to any written request for approval of a Transfer of this Lease, in whole or part, which written request shall include all the evidence required under Articles 27.2(b) hereof, shall be given within sixty (60) business days from the date of receipt by the Lessor of such written request.

(b). With respect to a proposed Transfer and without otherwise limiting the criteria upon which the Lessor may withhold its consent to any proposed assignment, the Lessee shall furnish to the Lessor the following information; [1] all instruments proposed to implement the transaction; [2] a statement as to the existence of any litigation questioning the validity of the proposed transaction; [3] a description of the management qualifications and financial background of the

proposed transferee, if any; [4] a detailed description of the financial aspects of the proposed transaction including but not limited to prospective financial forecast statements that have been examined by an independent accounting firm and that demonstrate to the satisfaction of the Lessor that terms of the Transfer do not impede or interfere with the financial ability of the Lessee or Transferee to perform the requirements of this Lease; [5] if the transaction may result in an encumbrance on the Lessee's assets, full particulars of the terms and conditions of the encumbrance; and [6] such other information as the Lessor may reasonably require. The Lessor shall have the right to approve the form of any Transfer.

(c). With respect to proposed Subleases, as part of the written request for approval from the Lessor as set forth in Article 27.2(a) above and without otherwise limiting the criteria upon which the Lessor may withhold its consent to any proposed sublease, the Lessee shall furnish to the Lessor an abstract that contains the following information; [1] evidence satisfactory to the Lessor that the proposed Tenant's use of the subleased Premises shall be in compliance with Article 10 hereof; [2] a copy of the proposed Sublease with the proposed Tenant, which Sublease shall be subject to the terms of this Lease; [3] evidence satisfactory to the Lessor of the proposed Tenant's financial capacity to meet its commitments under the proposed Sublease; (4) a description of the activity that the Tenant is to engage in and a list of the principals and staff of the Tenant; and (5) a list of any names that the proposed Tenant may do business under. After the submission to Lessor of this required information, Lessor shall approve or disapprove proposed Subleases in accordance with this Article as follows: Subleases with a term: of less than one (1) year – two (2) business days; one (1) year to five (5) years – seven (7) business days; more than five years (5) – ten (10) business days. If Lessor fails to approve or disapprove a proposed Sublease within the applicable time period, the Sublease will be deemed to be approved by Lessor. Subleases so approved shall not serve to relieve the Lessee from any liability or diminish any supervisory authority of the Lessor as provided hereunder. No Sublease may be assigned by the Lessee or the Tenant without the prior written approval of the Lessor.

(d). All Lessee requests for approval of Transfers or Subleases must be in writing and hand-delivered to the Lessor at the address set forth in Article 38 . The time periods for approval of Transfers and Subleases set forth in this Article shall commence as of the first business day after receipt of a request submitted in accordance with this Article.

27.3. Binding on Assigns

The Lessor and Lessee agree that this Lease shall be binding upon, to the benefit of, and be enforceable by their respective assigns and/or any successor in interest.

28. ASSIGNMENT BY LESSOR

The Lessor shall have the right to assign any or all of its rights and obligations hereunder. This Lease shall not be affected by any such assignments, and the Lessee agrees to attorn to the purchaser or assignee.

29. RIGHT TO ESTOPPEL CERTIFICATES

Each Party, within ten (10) days after notice from the other Party, shall execute and deliver to the other Party, in reasonable form, a certificate stating that this Lease is unmodified and in full force and effect, or in full force and effect as modified, and stating the modifications. The certificate also shall state the amount of Percentage Rent and Square Footage Rent, the dates to which the rent has been paid in advance, and the amount of any security deposits or prepaid rent, as applicable.

30. LEASEHOLD MORTGAGES

30.1. Approval by Lessor

The Lessee may, subject to the Lessor's prior written permission, mortgage its interest in the leasehold estate created by this Lease and grant a security interest in the Lessee's Personal Property situated thereon by a Leasehold Mortgage. Such permission shall not be unreasonably withheld or delayed.

30.2. Purposes of a Leasehold Mortgage

Approval of a Leasehold Mortgage by the Lessor shall be granted only to secure repayment of a loan or loans (and associated obligations) made to the Lessee for the purpose of making Lessee Improvements, Alterations or Preservation Maintenance of the Premises and improvements ancillary thereto approved by Lessor. The form of a Leasehold Mortgage instrument shall be subject to the Lessor's prior written approval not to be unreasonably withheld or delayed.

30.3. When Approval is Not Necessary

The Lessor's prior approval shall not be required for (a) refinancing, whether pursuant to foreclosure or otherwise, the outstanding principal balance on any Leasehold Mortgage previously approved by the Lessor pursuant to Articles 30.1 and 30.2 hereof plus the reasonable financing costs incurred in connection therewith, or (b) the sale of any Leasehold Mortgage previously approved by the Lessor pursuant to Articles 30.1 and 30.2 hereof, provided that the new mortgagee is a thrift association, savings and loan association, commercial bank, pension

fund, insurance company, registered real estate investment trusts, other recognized institutional type lender, or other state or federally regulated funding agency. The Lessee shall provide the Lessor notice of such refinancing or sale within two (2) days of consummation. No Leasehold Mortgage shall extend to, affect, or be a lien or encumbrance upon the estate or interest of the Lessor in the Premises or any part thereof, the improvements thereon, or the fee interest in the Premises.

30.4. Copy of Leasehold Mortgage

The Lessee shall deliver to the Lessor, promptly after execution by the Lessee, a copy, certified by the Lessee as a true copy, of any Leasehold Mortgage and any subsequent amendment, modification or extension thereof, together with the name and address of the owner(s) and holder(s) thereof.

30.5. Leasehold Mortgage Terms and Conditions

During the continuance of any Leasehold Mortgage, until such time as the lien of any Leasehold Mortgage has been extinguished:

(a). No modification or amendment of this Lease that may be adverse to a Lender shall be made unless a copy of the proposed change shall have been delivered to such Lender.

(b). The Lessor shall give to each Lender, in the manner and at the address prescribed in Article 38 hereof, a copy of any notice of Default at the same time as it gives notice of same to the Lessee, and no such notice of Default shall be deemed effective unless and until a copy thereof has been so given to the Lender.

(c). The Lessee shall give the Lessor a copy of any notice of Default received from any Lender, within two (2) business days after receipt thereof, in the manner prescribed in Article 39. The Lender shall give to the Lessor, in the manner prescribed in Article 39, a copy of any notice of Default filed by the Lender, and no such notice of Default shall be deemed effective unless and until a copy thereof has been so given to the Lessor.

(d). The Lender shall have the right, but not the obligation, at any time prior to the expiration or termination of this Lease and without payment of any penalty, to pay all the Square Footage Rent, Percentage Rent and Impositions due hereunder, to provide any insurance and make any other payments, to perform Lessee Improvements, Preservation Maintenance or Alterations and do any other act or thing required of the Lessee hereunder, and to do any act or thing that may be necessary and proper to be done in the performance and observance of the covenants, conditions and agreements hereof to cure any Default or prevent the termination of this Lease. All payments so made and all things so done and performed by the Lender shall be as effective to cure any Default or prevent a

termination of this Lease as the same would have been if made, done and performed by the Lessee.

(e). Should any monetary Default occur under this Lease, the Lender shall have thirty (30) days, after the receipt by the Lender of notice from the Lessor setting forth the nature of such Default, in which to remedy such Default. Should any non-monetary Default occur under this Lease, the Lender shall have forty-five (45) days, after the receipt by the Lender of notice from the Lessor setting forth the nature of such Default, in which to remedy such Default. If any non-monetary Default is such that possession of the Premises may be necessary to remedy the Default, the Lender shall have a reasonable time after the expiration of such forty-five (45) day period within which to remedy such Default, provided that [1] the Lender presents a written plan to the Lessor outlining the proposed remedy and setting reasonable goals and reporting dates in writing toward completion of the remedy, [2] the Lender shall have fully cured any Default in the payment of all annual monetary obligations of the Lessee under this Lease, including but not limited to Percentage Rent, Square Footage Rent, Impositions, Operating Expenses, and insurance premiums within the forty-five (45) day period and shall continue to pay currently all such annual monetary obligations, as and when the same are due, [3] the Lender shall perform all other obligations of the Lessee under this Lease, to the extent that they are susceptible of being performed by the Lender, [4] with forty-five (45) days after receipt of the Lessor's notice, the Lender shall have acquired the Lessee's leasehold estate created hereby or given the Lessor written notice that such Lender intends to take action to acquire the Lessee's leasehold estate and intends to has commence foreclosure or other appropriate proceedings in the nature thereof and shall thereafter diligently and continuously prosecute such proceedings to completion, [5] after gaining possession of the Premises, the Lender shall perform all of the obligations of the Lessee hereunder as and when the same are due and cure any Defaults that require possession of the Premises to cure, such cure to be effected within thirty (30) days after gaining possession, or such longer period of time as is set forth in the written plan as reasonably necessary to effect such cure using all due diligence.

(f). If the Lender is prohibited by any process or injunction issued by any court or by reason of any action by any court having jurisdiction of any bankruptcy or insolvency proceedings involving the Lessee from commencing or prosecuting foreclosure or other appropriate proceedings in the nature thereof, the times specified above for commencing or prosecuting such foreclosure or other proceeding shall be extended for the period of such prohibition, provided that such Lender shall have fully cured any Default in the payment of any monetary obligations of the lessee under this Lease and shall continue to pay currently such

monetary obligations including but not limited to payment of Square Footage Rent, Percentage Rent, Impositions, Operating Expenses, and insurance premiums, as and when the same become due, and that the Lender shall perform all other obligations of the lessee under this Lease, to the extent that they are susceptible of being performed by the Lender.

(g). Foreclosure of a Leasehold Mortgage or any sale thereunder, whether by judicial proceedings or by virtue of any power of sale contained in the Leasehold Mortgage, or any conveyance of the leasehold estate from the Lessee to any Lender by virtue or in lieu of foreclosure or other appropriate proceedings in the nature thereof, shall not require the consent of the Lessor. Upon such foreclosure, sale or conveyance, the Lessor shall recognize such Lender, or, subject to the Director's approval, any other foreclosure sale purchaser or recipient of any deed in lieu, as the Lessee hereunder, which successor Lessee shall take the Lessee's interest in the Premises subject to all the terms and conditions of this Lease, said approval not to be unreasonably withheld or delayed. Except as otherwise specifically provided herein, the Lender or such successor Lessee shall, during its ownership of the leasehold interest, assume all the obligations of the Lessee under the Lease arising during the period of such ownership. Unless the Lender or such successor Lessee shall have fully cured all Defaults under the Lease within the times provided hereunder (whether any such cure period shall expire prior to, during or after the Lender's conducting foreclosure proceedings or other remedies under the Lender's deed of trust), the Lessor shall have the right to exercise the Lessor's remedies under the Lease with respect to such Defaults. As a condition of the Lessor's recognition of a successor Lessee, the successor Lessee shall assume all agreements, conditions, covenants and terms of the Lease accruing from and after the effective date of such foreclosure, sale or conveyance and shall put such agreement in writing in record form delivered to the Lessor; provided however, that no such agreement by such successor Lessee and no recognition of such successor Lessee by the Lessor shall constitute a waiver by the Lessor of any Default by the Lessee under the Lease or any of the Lessor's remedies arising by reason of any such Default. The Lender, or such successor Lessee, shall be responsible for taking such actions as shall be necessary to obtain possession of the Premises.

(h). Any Leasehold Mortgage shall, by its terms, provide that the Lessor shall be entitled to record a Request for Notice of Default and Sale for all Notices of Default that may be filed by the holder of the subject Leasehold Mortgage against the Lessee or its successors, heirs and assigns.

(i). Notwithstanding Article 30.3, in the event of any rejection of the Lease in any bankruptcy proceeding or termination of the Lease by reason of a condition that [1]

is not now known or ascertainable by the Parties as of the Commencement Date, [2] resulting from the laws of the United States enacted after the date hereof, and [3] which termination would work an inequitable forfeiture upon the Lender due to the non-curable nature of such condition; then the Lessor shall reinstate the Lease of the Premises with the Lender for the remainder of the term of the Lease (“Reinstated Lease”), which shall be effective from the date of such rejection or such other termination, at the rent and upon the same terms, covenants, conditions, restrictions and limitations contained in the Lease, provided that: the Lender shall make written request upon the Lessor for such Reinstated Lease within fifteen (15) days after the date of such rejection or such other termination; the Lender shall pay or cause to be paid to the Lessor at the time of execution and delivery of such Reinstated Lease any and all sums that would at the time of such execution and delivery be due pursuant to the Lease but for such rejection or such other termination and, in addition thereto, all reasonable costs, including reasonable attorneys fees, that the Lessor shall have incurred by reason of such rejection or such other termination and the execution and delivery of the Reinstated Lease; the Lender shall cure any Default in the payment of rent or other covenants, terms and conditions of the Lease, and shall assume any and all liabilities of the Lessee that arose prior to the rejection or such other termination of the Lease; and the Reinstated Lease shall relate back to, and have the same record priority as of the date of the original Lease.

31. DEFAULTS AND LESSOR’S REMEDIES

31.1. Notice of Default

This Lease is made upon the express condition that if the Lessee shall fail to keep and perform any of the covenants, agreements or conditions hereof, then, subject to the provisions of Article 30.5, this Lease shall become void at the option of the Lessor, provided that the Lessor shall first give the Lessee written notice, at least fifteen (15) days in the case of monetary Defaults and thirty (30) days in the case of non-monetary Defaults, of the Lessor’s intention to terminate this Lease and regain possession of the Premises, and shall set forth therein the specific Default under the Lease and the Lessor’s intention to re-enter the Premises and declare this Lease forfeited if such Default continues. Such notice shall be served in the manner provided in Article 39. If the non-monetary Default is one that would ordinarily take more than thirty (30) days to cure, then the Lessee shall present a written plan to the Lessor, outlining the proposed cure and setting reasonable goals and reporting dates toward completion of the cure. If the Lessee does not present either the cure or a reasonable plan therefor within the thirty (30) day period, then

the Lessor shall be entitled to the possession of the Premises, and may enter into and upon the same or any part thereof and repossess the same and expel the Lessee and those claiming through or under the Lessee and remove their effects without being guilty of any manner of trespass and without any prejudice to any remedies that might otherwise be used for arrears of rent or preceding breach of covenant.

31.2. Effect of Bankruptcy

It is further agreed that, except as provided in Article 30, all rights of the Lessee hereunder shall, at the Lessor's option, terminate upon the filing or execution of (a) a petition in bankruptcy by or against the Lessee which is not dismissed within ninety (90) days of the filing thereof, (b) a petition seeking relief of the same or different kind under any provision of the Bankruptcy Act or its successor, (c) an assignment for the benefit of creditors, (d) a petition or other proceeding against the Lessee for the appointment of a trustee, receiver or liquidator, or (e) the taking by any person of the leasehold created hereby or any part thereof upon execution, attachment or other process of law or equity. The Lessee acknowledges the sovereign right of the Lessor to cancel this Lease at any time, subject to such right as the Lessee may have under the law to seek compensation for such cancellation.

31.3. Effect of Termination

If this Lease is terminated by the Lessor prior to the Expiration Date provided in Article 4, all of the rights of the Lessee under this Lease and in the Premises shall terminate.

31.4. No Waiver

No failure by the Lessor to insist upon the strict performance of any term, covenant, agreement, provision, condition or limitation of this Lease or to exercise any right or remedy upon a Default hereunder, and no acceptance by the Lessor of full or partial rent during the continuance of any such Default, shall constitute a waiver of any such Default or of such term, covenant, agreement, provision, condition or limitation. No term, covenant, agreement, provision, condition or limitation of this Lease and no Default hereunder may be waived, altered or modified except by a written instrument executed by the Lessor. No waiver of any Default shall affect or alter this Lease, but each and every term, covenant, agreement, provision, condition and limitation of this Lease shall continue in full force and effect with respect to any other then existing or subsequent Default.

31.5. Plans and Specifications

In the event of expiration or termination of this Lease, the Lessee shall assign and deliver to the Lessor as Lessor's sole property all architectural, engineering and other plans, drawings, specifications and studies relating to the Premises. In order

to assure Lessor that it will have the legal right to use the aforesaid plans, drawings, specifications and the like if Lessor becomes entitled to such items, Lessee shall include in its agreements with the architects, engineers and other professionals who prepared such items and who have any proprietary rights with respect to such items (including the rights to use thereof in connection with the Premises) provisions whereby Lessee and Lessor shall have the right to use such plans and other materials in connection with the Premises. In furtherance and not in limitation thereof, Lessee (referred to below as "Owner") shall include in such agreements the following provisions:

"The drawings, specifications and other documents prepared by the Architect for this Project ("Documents") are instruments of the Architect's service and, unless otherwise provided, the Architect shall be deemed the author of these Documents and shall retain all common law, statutory and other reserved rights, including the copyright. For the purpose of completing this Project or for any other purpose, Architect and its consultants hereby (i) grant to Owner and the National Park Service an irrevocable, fully paid-up, perpetual, worldwide license to copy and use such Documents for completion of this Project or for any other purpose and (ii) consent to the use by Owner and the National Park Service, and of the modification by other design professionals retained by Owner and the National Park Service, of the Documents. The Architect will have no responsibility or liability to the Owner or the National Park Service with respect to any modification to the Documents made by the Owner or National Park Service or any other design professional retained by the Owner or National Park Service. Furthermore, except where the Architect is found to be liable for such claim, damage or loss, the Owner shall hold Architect harmless from any such claim, damage or loss arising out of (a) the modification of the Documents by Owner or the National Park Service or another design professional. The Owner and the National Park Service shall be permitted to retain copies, including reproducible copies, of the Documents for information and reference in connection with the use and occupancy of the Project."

"Notwithstanding the foregoing, Architect acknowledges and consents to the use and ownership by the National Park Service, or its designees or assignees, of said plans and specifications in accordance with the Lease between the Owner (as Lessee) and the National Park Service (as Lessor) for the Premises leased to Lessee in the Sandy Hook Unit of Gateway National Recreation Area, and Architect agrees to deliver copies of said plans and specifications to the National Park Service upon written request from the National Park Service, provided that the National Park Service agrees to pay the Architect's reasonable duplication expenses."

(References to "Architect" and "plans and specifications" shall be appropriately revised if the agreement is with a professional other than an architect.)

32. LESSOR'S RIGHT TO CURE DEFAULTS

If the Lessee shall fail or neglect to do or perform any act or thing herein provided by it to be done or performed and such failure shall not be cured within the applicable grace period, if any, then the Lessor may, but shall not be required to, do or perform or cause to be done or performed any other act or thing (entering upon the Premises for such purposes, if Lessor so elects), and the Lessor shall not be held liable or in any way responsible for any loss, disturbance, inconvenience, annoyance or damage resulting to the Lessee on account thereof, and the Lessee shall repay to the Lessor upon demand the entire expense thereof as additional rent, including, without limitation, compensation to the agents, consultants and contractors of the Lessor and related expenses. The Lessor may act upon shorter notice or no notice at all if necessary in the Lessor's judgment to meet an emergency situation or governmental time limitation or to protect the Lessor's interest in the Premises. Any act or thing done by the Lessor pursuant to the provisions of this Article shall not be or be construed as a waiver of any such Default by the Lessor, or as a waiver of any term, covenant, agreement or condition herein contained or of the performance thereof.

33. ALTERNATIVE DISPUTE RESOLUTION

33.1. Effort to Resolve

In the event of any dispute between the Parties relating to or arising out of any provision of this Lease, the Lessee and Lessor shall meet promptly in an effort to resolve the dispute expeditiously. If the dispute is not resolved as a result of such meeting, the dispute shall be referred to the senior management of each Party within fifteen (15) days after the meeting prescribed above. The members of the senior management of each Party shall meet to attempt to resolve the dispute within thirty (30) days after the dispute has been referred to them.

33.2. Written Summary of Issues

Prior to the meeting of the members of the senior management of each Party, the Parties shall exchange a written summary of the issue and the underlying evidence relating to the dispute. The disputing Party shall submit its written summary to the other Party twenty (20) days before the meeting of the senior management. This submission shall set forth the basis of its dispute and identify the member of its

senior management authorized to resolve the dispute on its behalf. Then, within ten (10) days thereafter, the other Party shall submit its written summary to the disputing Party. This submission shall respond to the matters raised in the written summary provided by the disputing Party and identify the member of its senior management authorized to resolve the dispute on its behalf.

33.3 Mediation

If the dispute is not resolved by the senior management of each Party, the Parties will attempt in good faith to resolve the dispute by mediation conducted in accordance with the Commercial Mediation Rules of the American Arbitration Association.

34. SURRENDER AND VACATING THE PREMISES

34.1. Disposition of Property

On or before the Expiration Date, Termination Date or revocation of this Lease, the Lessee shall surrender and vacate the Premises, remove Lessee's Personal Property therefrom, and return the Premises, including the FF&E, the improvements thereon and all of the Lessor's Personal Property to as good order and condition as that existing upon the issuance of the Certificate of Occupancy for the Premises, damages beyond the control of the Lessee and due to ordinary wear and tear excepted. All the Lessee's Personal Property shall remain the property of the Lessee. However, if the Lessee shall fail or neglect to remove said Property and so repair the Premises, then, at the Lessor's option, the Lessee's Personal Property shall either become the property of the Lessor without compensation therefor, or the Lessor may cause it to be removed and the Premises to be repaired at the expense of the Lessee, and no claim for damages against the Lessor, its officers or agents, shall be created by or made on account of such removal and repair work.

34.2. Inventory and Condition Report

At the expiration, revocation or termination of this Lease, the Parties shall prepare an inventory and condition report of the Premises to constitute the basis for settlement by the Lessee to the Lessor for Lessor's Personal Property, FF&E, or improvements shown to be lost, damaged or destroyed; any such Property, FF&E, or improvements shall be either replaced or returned to the condition required pursuant to this Article, ordinary wear and tear excepted or, at the election of the Lessor, reimbursement made therefor by the Lessee at the then current market value thereof.

35. HOLDING OVER

This Lease shall terminate upon the Expiration Date or Termination Date and any holding over by the Lessee or the acceptance by the Lessor of any form of payment of rent or other charges after such date shall not constitute a renewal of this Lease or give the Lessee any rights hereunder or in or to the Premises.

36. REPRESENTATIONS AND WARRANTIES OF LESSEE

The Lessee hereby represents and warrants to the Lessor as follows:

- (a). The Lessee is a limited liability company, duly formed and validly existing under the laws of the State of New Jersey.
- (b). The Lessee has the right, power, legal capacity and authority to enter into and perform its obligations under this Lease, and to develop, construct, and operate the Premises as contemplated by this Lease; and no approval or consent of any person is required in connection with the execution and performance of this Lease. The execution and performance of this Lease will not result in or constitute any Default or event that would, with notice or lapse of time or both, be a default, breach or violation of the organizational instruments governing the Lessee or any agreement or any order or decree of any court or other Agency to which the Lessee is a party or to which it is subject.
- (c). The Lessee has taken all necessary action to authorize the execution, delivery and performance of this Lease; and this Lease constitutes the legal, valid and binding obligation of the Lessee.

37. REPRESENTATIONS AND WARRANTIES OF LESSOR

The Lessor hereby represents and warrants to the Lessee as follows:

- (a). The Lessor is an Agency of the United States of America.
- (b). The Lessor has taken all necessary action to authorize the execution, delivery and performance of this Lease, and this Lease constitutes the legal, valid and binding obligation of the Lessor.
- (c). The Lessor has made no representations or warranties, direct or implied, written or verbal, with respect to the Premises or any other property owned by the Lessor.

38. COMPLIANCE WITH EQUAL OPPORTUNITY LAWS

The Lessee shall comply with the requirements of (a) Title VII of the Civil Rights Act of 1964 (as amended), as well as Executive Order 11246 of September 24, 1965, as amended by Executive Order 11375 of October 13, 1967; (b) Title V, Sections 503 and 504 of the Rehabilitation Act of September 26, 1973, Public Law 93-112 (as amended), which prohibits discrimination on the basis of disability and requires Government contractors and subcontractors to take Affirmative Action to employ and advance in employment qualified handicapped individuals; (c) 41 C.F.R. Chapter 60, which prescribes affirmative action requirements for government contractors and subcontractors; (d) the Age Discrimination in Employment Act of December 15, 1967 (as amended); (e) the Americans with Disabilities Act, 42 U.S.C. Sections 12111 et seq.; (f) and all other Applicable Laws relating to nondiscrimination in employment and in providing facilities and services to the public, and the lessee shall do nothing in advertising for employees that will prevent those covered by these laws from qualifying for such employment.

39. NOTICES

Except as otherwise provided in this Lease, any notice, consent or other communication required or permitted under this Lease shall be in writing and shall be delivered by hand, sent by courier, sent by prepaid registered or certified mail with return receipt requested, and shall be deemed to have been given on the earliest of (a) receipt, (b) one business day after delivery to a courier for overnight expedited delivery service, or (c) five (5) business days after the date deposited in the United States mail, registered or certified, with postage prepaid and return receipt requested (provided that such return receipt must indicate receipt at the address specified), and addressed as appropriate to the following addresses (or to such other or further addresses as the parties may designate by notice given in accordance with this Section):

If to the Lessor:

Superintendent, Sandy Hook Unit
Gateway National Recreation Area
PO Box 530
Fort Hancock, New Jersey 07732

If to the Lessee:

Sandy Hook Partners, LLC, 26 Hudson Street, P.O. Box 560, Sandy Hook,
New Jersey, 07732

At the address set forth above with a copy to Giordano, Halleran & Ciesla, P.C., 125 Half Mile Road, Post Office Box 190, Middletown, New Jersey 07748, Attention: John A. Aiello, Esq.

40. LESSOR'S RIGHT TO EXHIBIT PREMISES

During the final five (5) years of the Lease Term, the Lessor shall have the right to enter the Premises at all reasonable times during normal business hours for the purposes of exhibiting the same to prospective ground lessees.

41. NO PARTNERSHIP OR JOINT VENTURE WITH LESSOR

The Lessor is not for any purpose a partner or joint venture participant of the Lessee in the development or operation of the Premises or in any business conducted on the Premises. The Lessor shall not under any circumstances be responsible or obligated for any losses or liabilities of the Lessee.

42. GENERAL PROVISIONS

42.1 No member or delegate to Congress or Resident Commission shall be admitted to any share or part of this Lease, or to any benefit that may arise therefrom, but this provision shall not be construed to extend to this Lease if made with a corporation for its general benefit.

42.2 This Lease shall not, nor be deemed nor construed to, confer upon any person or entity, other than the parties hereto, any right or interest, including, without limiting the generality of the foregoing, any third party beneficiary status or any right to enforce any provision of this Lease.

42.3 This Lease provides no right of renewal, and the Lessee hereby waives any preferential right of renewal of this Lease. No rights shall be acquired by virtue of this Lease entitling the Lessee to claim benefits under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, Public Law 91-646.

42.4 The Lessee shall, at the Lessee's expense, comply with any statutory requirements for recording the Lease or a Memorandum of Lease.

42.5 The Lessee warrants that no person or selling agency has been employed or retained to solicit or secure this Lease upon an agreement or understanding for a commission, percentage, brokerage or contingent fee. For breach or violation of this warranty, the Lessor shall have the right to annul this Lease without liability.

42.6 In case any one or more of the provisions of this Lease shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceable provision shall not affect any other provision of this Lease, and this Lease shall be construed as if such invalid, illegal or unenforceable provisions had not been contained herein.

42.7 Each of the Exhibits referenced herein are attached to and incorporated in this Lease.

42.8 Time is hereby expressly declared to be of the essence of this Lease and of each and every term, covenant agreement, condition and provision hereof.

42.9 Article headings in this Lease are for convenience only and are not to be construed as a part of this Lease or in any way limiting, prioritizing, or amplifying the provisions hereof.

42.10 The language in all parts of this Lease shall in all cases be construed as a whole according to its fair meaning and not strictly for or against either the Lessor or the Lessee. The Parties acknowledge that each Party and its counsel have reviewed this Lease and participated in its drafting and therefore that the rule of construction that any ambiguities are to be resolved against the drafting party shall not be employed or applied in the interpretation of this Lease.

42.11 Whenever the context so requires, the neuter gender shall include masculine and feminine, and the singular shall include the plural and vice versa.

42.12 The laws of the United States shall govern the validity, construction and effect of this Lease.

42.13 This instrument, together with the exhibits hereto, all of which are incorporated herein by reference, constitutes the entire agreement between the Lessor and Lessee with respect to the subject matter hereof and supersedes all prior offers, negotiations, oral and written. This Lease may not be amended or modified in any respect whatsoever except by an instrument in writing signed by the Lessor and Lessee.

42.14 The voluntary sale or other surrender of this Lease by the Lessee to the Lessor, or a mutual cancellation thereof, or the termination thereof by the Lessor pursuant to any provision contained herein, shall not work a merger, but, at the option of the Lessor, shall either terminate any or all existing subleases or sub-tenancies hereunder, or operate as an assignment to the Lessor of any or all of such subleases or sub-tenancies.

43. ANTI-DEFICIENCY ACT

The Lessee and Lessor agree that nothing contained herein shall be construed as binding the Lessor to expend, in any fiscal year, any sum in excess of the appropriation made by Congress for that fiscal year or administratively allocated for the subject matter of this Lease, or to involve the Lessor in any contract or other obligation for the future expenditure of money in excess of such appropriations or allocations.

44. LESSEE'S USE OF THE FORT HANCOCK AREA

Lessee and its Tenants and invitees shall be permitted by the Lessor to utilize the lands of the Fort Hancock area not under lease to the Lessee in accordance with Lessor's policies and procedures for use of such lands by the general public.

45. INGRESS AND EGRESS RIGHTS OF LESSEE

Lessor hereby grants to Lessee and their Tenants and invitees the non-exclusive right to utilize the roadways now or hereafter located in the Sandy Hook Unit, necessary for the purpose of providing ingress to and egress from the Premises on a twenty-four hour, seven day per week basis, without charge therefore, except by reason of force majeure, Lessor agrees at all times to provide reasonably convenient access to the Premises; provided, that Lessor may implement a pass system for Lessee and its Tenants and invitees.

46. MAINTENANCE OF FORT HANCOCK AREA

Lessor agrees, subject to the other terms and conditions of this Lease, to repair and maintain the roadways providing ingress to and egress from the Fort Hancock area as well as the grass areas of the park area that surround the Premises in a neat and orderly condition. Subject to Lessor's prior written approval, not to be unreasonably withheld or delayed, Lessor agrees to permit Lessee, at its sole cost and expense, to maintain and improve the grass areas surrounding the Premises, such maintenance to be in addition to the maintenance to be provided by Lessor. Exhibit E to this Lease further describes Lessor's responsibilities for management of park area property in relation to the Premises. Should the Lessor and the Lessee agree that all or a portion of Fort Hancock grounds maintenance will regularly be undertaken by the Lessee, the Lessor and Lessee may agree upon a pass through fee to the Tenants to fund such maintenance and such fees will not be considered as Gross Revenues.

47. LEASE MODIFICATIONS REQUESTED BY LEASEHOLD MORTGAGEES

Lessor agrees not to unreasonably withhold or delay its consent to such modifications of this Lease as may be requested by any approved Leasehold Mortgagee(s) upon the condition that such requested modifications are in accordance with Applicable Laws, do not materially affect the rights and obligations of Lessor under this Lease, do not reduce the economic benefits to be derived by Lessor pursuant to the terms of this Lease, and will not otherwise adversely affect the purposes of the Sandy Hook Unit as determined by Lessor.

48. FEE OWNER RECOGNITION AGREEMENTS

Lessor agrees, with respect to any Sublease approved by Lessor, upon the request of Lessee, to provide to the Tenant the agreement of Lessor that in the event that this Lease is terminated by reason of Default of Lessee, that Lessor, provided such Tenant is not in default beyond any applicable grace period, will recognize the Sublease as a direct lease between Lessor as landlord and Tenant as lessee.

49. ADDITIONAL BUILDINGS

The Lessor, with the consent of the Lessee, may at any time during the Lease Term assign additional Fort Hancock buildings to the Lessee to become part of the Premises and otherwise subject to the terms and conditions of this Lease.

IN WITNESS WHEREOF, the Regional Director, Northeast Region, National Park Service, acting on behalf of the United States, in the exercise of the delegated authority from the Secretary, as Lessor; and the Lessee have executed this Lease by proper persons thereunto duly authorized as of the date heretofore written.

LESSOR

THE UNITED STATES DEPARTMENT OF THE INTERIOR, NATIONAL PARK SERVICE

By _____

Marie Rust, Regional Director,
Northeast Region

LESSEE

Sandy Hook Partners, LLC

By _____

Title _____

Attest _____

Title _____

EXHIBIT A

Description of the Premises; Rehabilitation Phases and Schedule

1. **Description of Premises:** The demised premises consist of the following list of buildings and a four foot land perimeter beyond each building's footprint.

BUILDING NAME	Building No.	Area (s.f.)	Phase	Phase	Phase
			One	Two	Three
Officer's Club	114	14,685			*
Chapel	35	3,689		*	
Theater	67	6,048		*	
Power Plant Warehouse	124	3,849		*	
Motor Shop Warehouse	125	11,490			*
Lieutenant's Quarters	2	6,750	*		
Lieutenant's Quarters	3	6,750	*		
2 Family Officer's Quarters	21	5,751			*
Lieutenant's Quarters	4	6,750	*		
Lieutenant's Quarters	5	6,750	*		
Lieutenant's Quarters	6	7,014	*		
Lieutenant's Quarters	7	6,750		*	
Lieutenant's Quarters	8	6,750		*	
Captain's Quarters	9	7,861		*	
Captain's Quarters	10	7,861		*	
Captain's Quarters	11	7,861		*	
Commander's Quarters	12	9,921			*
Captain's Quarters	13	7,861			*
Captain's Quarters	14	7,861			*
Captain's Quarters	15	7,861			*
Lieutenant's Quarters	16	7,014			*
Lieutenant's Quarters	17	6,750			*
Post Headquarters	26	5,076			*
Bachelor Officer's Quarters	27	9,720			*
Mess Hall	55	5,626			*
Enlisted Barracks	23	20,394	*		
Mess Hall	56	5,626			*
Enlisted Barracks	24	20,394			*
Mess Hall	57	5,626			*
Mule Barn	36	6,718	*		
2 Family NCO Quarters	80	2,354			*
Bakery	33	2,735			*
Storage Building	79	1,200			*
Post Exchange	70	8,372			*
Gas Station	60	1,313			*
YMCA	40	18,483		*	
TOTAL	36	277,514	7	9	20

EXHIBIT A
Description of the Premises; Rehabilitation Phases and Schedule

2. Rehabilitation Phases and Schedule: In accordance with Section 15.1 of the Lease, the rehabilitation phases and schedule for Lessee improvements are as follows:

PHASE I

Phase I will consist of seven (7) buildings (Buildings 2, 3, 4, 5, 6, 23 and 36). Construction of Lessee Improvements for Phase I will be completed by the Lessee within eighteen (18) months of the effective date of the Lease.

PHASE II

Phase II consists of nine (9) buildings (Buildings 27, 67, 124, 7, 8, 9, 10, 11 and 40). Construction of Lessee Improvements for Phase II will be completed by the Lessee within thirty-six (36) months of the effective date of the Lease.

PHASE III

Phase III will consist of the buildings not included in Phases I or II. Construction of Lessee Improvements for Phase III will be completed by the Lessee within fifty-four (54) months of the effective date of the Lease; provided however, that the Officer's Club will be completed by the Lessee no later than sixty-six (66) months from the effective date of the Lease.

DESIGN AND CONSTRUCTION DOCUMENTS REVIEW PERIODS

The agreed upon time periods for completion of Phase I, II and III of the Lessee improvements take into account the time required for Lessor review and approval of the Lessee's Design and Construction Documents and other documentation required to be approved by Lessor prior to commencement of construction for each phase. However, in the event that the Lessor's review and approval of the Lessee's Design and Construction Documents takes longer than thirty (30) days from the date of submission by Lessee of fully complete Design and Construction Documents (documents that adequately contain all information, plans drawings and specifications required by the Lease as determined by the Lessor), the additional review and approval time shall be added to the construction completion period for the applicable phase. For example, if the Lessor's review and approval of the Lessee's Phase I Design and Construction Documents takes sixty (60) days from submission of fully completed Design and Construction Documents, thirty (30) days would be added to the completion date for Phase I, i.e., the construction completion date would be nineteen (19) months from the effective date of the Lease rather than eighteen (18) months. Completion dates of other phases would remain the same.

Modification of Phases

In accordance with Section 15.1 of the Lease, the Lessor may agree to modifications of the particular building contained in each of the Phases so long as the total square footage of the buildings contained in Phases I or II are not reduced by more than ten percent (10%) and that all of the buildings of the Premises remain included in one of the three Phases.

3. Submission of Financial Commitments for Phase I

A. Notwithstanding any provision of this Lease to the contrary, this Section 3 of Exhibit A to the Lease ("Section 3") shall apply to the financing commitment(s) requirements for Rehabilitation Phase I of the Lease instead of Section 14.1 of the Lease. Section 14.1 shall continue to apply to all other rehabilitation phases. In the event of any conflict between the provisions of this Section 3 of Exhibit A to the Lease and the balance of the terms of this Lease, this section of Exhibit A shall control. Sections 14.2 and 14.3 of the Lease shall continue to apply to all rehabilitation phases. Section 33 of the Lease shall not apply to the matters described in Section 3.

B. Lessee shall with respect to Rehabilitation Phase I submit to Lessor by December 31, 2004 or such extended date as shall be agreed to by Lessor in its sole unreviewable discretion ("Submission Date"), written evidence that demonstrates to the satisfaction of Lessor in the exercise of its reasonable discretion that Lessee has by the Submission Date obtained commercially reasonable financial commitments from qualified entities (entities that are demonstrated to the satisfaction of Lessor as part of the Lessee's submission to have available to them the funds they have committed to Lessee at the times required for said funds to be utilized) to assure the Lessee's ability to construct Rehabilitation Phase I in a complete, timely and quality manner in compliance with the terms and conditions of the Lease ("Commitments"). Lessor shall have thirty (30) business days from the Submission Date to advise Lessee if the Commitment(s) comply with the provisions of this paragraph B of this Section 3 to the Lease ("Paragraph B"). In the event Lessor shall fail to render a determination within the time period provided for in this Paragraph B, the Commitment(s) shall be conclusively deemed to have complied with the provisions of this Paragraph B.

C. In the event that Lessee fails to submit by the Submission Date Commitments intended to fulfill the requirements set forth in Paragraph B, or, Lessor advises Lessee in writing, setting forth with specificity, the reasons that it deems the Commitments as insufficient to achieve the purposes set forth in Paragraph B, this Lease, (unless Lessee elects to exercise its right to submit additional documentation or request a review of Lessor's decision by a third party, as provided in Paragraph D of this Section 3 ("Paragraph D"), shall automatically, without further action by Lessor or Lessee, be null and void ab initio and of no further force or effect whatsoever (unless Lessor, in the exercise of its sole, unreviewable discretion, chooses to modify the dates set forth in

Paragraph B to a later time); provided, however, that, notwithstanding the foregoing, Sections 7, 22.6, 24 and 31.5 of the Lease shall survive either event and remain enforceable by the Lessor.

D. In the event that Lessor advises Lessee that it deems the Commitment(s) insufficient to achieve their purposes as described in Paragraph B, Lessee may, within fifteen (15) business days of the receipt of Lessor's notice that the Commitment(s) are insufficient, submit additional documentation to satisfy the provisions of Paragraph B for consideration by Lessor ("Additional Submission"). Lessor shall have thirty (30) business days to render a decision with respect to the Additional Submission. In the event that Lessor advises Lessee that it deems the Commitment(s) insufficient either initially or after review of the Additional Submission, Lessee may within ten (10) business days of receipt of Lessor's written decision ("Insufficiency Decision(s)") request that an independent third party review this decision. The independent third party will be selected by mutual agreement of the Lessor and Lessee within ten (10) business days of the request for review made by Lessee. In the event that Lessor and Lessee cannot reach agreement on the selection of an independent third party within this time period, the Lessor and Lessee, within five (5) business days from the date of such failure to reach agreement, shall request the American Arbitration Association (AAA) to name the independent third party as if he were to be a mediator in accordance with sections M-4, M-5, and M-6 of the AAA's Commercial Mediation Procedures. To be eligible to be selected as the independent third party, the individual must agree to render a decision within thirty (30) days of his selection. Lessor and Lessee shall bear their own expenses in connection with review by the independent third party and shall share equally the costs of the independent third party (and AAA expenses if applicable). Other AAA Commercial Mediation Procedures shall not apply to this proceeding.

E. The selected independent third party shall immediately be provided with a copy of the Commitments, any Additional Submissions, and the Insufficiency Decision(s). The independent third party shall review these materials, and, within thirty (30) days of his selection, advise the Lessor and Lessee in writing as to whether or not he agrees with the Lessor's decision. The independent third party's authority and decision shall be strictly limited to this issue. The independent third party shall make his decision based solely on the content of the Commitments, Additional Submission, if applicable, and Insufficiency Decision(s), his personal knowledge and experience, and any inquiries he may choose to make. If the independent third party agrees with the Lessor's Insufficiency Decision(s), Paragraph C shall become immediately operative as if the Lessee had not requested review by an independent third party. If the independent third party disagrees with the Lessor's Insufficiency Decision(s), Lessee shall be deemed to have satisfied the requirements of Paragraph B.

F. Lessee hereby affirmatively waives, notwithstanding any statutory or other rights to the contrary that may exist, any judicial or other review of the decision of the independent third party or any rights to a third party review of this matter under different procedures and requirements. Lessee, also, hereby waives and relinquishes any claims, causes of action or remedies it may have against the Lessor (including, without

limitation, the respective officers, employees, and/or agents of the Lessor) as a consequence of or arising from a Lessor decision that Lessee's Commitments and Additional Submission, if applicable, were insufficient.

G. Lessee, in consideration of the execution of this Lease by Lessor and for other good and valid consideration receipt of which is hereby acknowledged, hereby irrevocably waives and relinquishes any claims, causes of action, and/or rights to monetary compensation or equitable relief it may have against Lessor (including, without limitation, the respective officers, employees, and/or agents of the Lessor) by reason of any event or circumstance arising or related to any period of time prior to the execution of this Lease.

H. The Lessee agrees that until such time as it may receive from Lessor in writing approval of the Commitment(s) required by Paragraph B, or such Commitment(s) have been deemed sufficient by an independent third party as described above, Lessee shall not, without the express prior written consent of Lessor, record this Lease or vest in any third party any binding legal rights in or under this Lease.

I. Execution of this Lease by Lessor shall not be construed as constituting or implying Lessor approval or acceptance of the content of any documents previously submitted to Lessor by Lessee for any purpose, including, without limitation, Lessor's rights of approval or other rights under the terms of this Lease.

EXHIBIT B

Treatment Standards

Historic structures at Fort Hancock are listed on the National Register of Historic Places and have been designated as part of the Sandy Hook National Historic Landmark. This designation affords the highest level of protection available for historic structures. These structures must be rehabilitated and maintained in accordance with the Secretary of the Interior's Standards for Rehabilitation (36 CFR 67.7) and Standards for Treatment of Historic Properties (36 CFR Part 68), Lessor policy and the Fort Hancock Rehabilitation Guidelines. Because of the significance of these structures, construction practices acceptable in ordinary commercial construction will not be acceptable. The Lessee is to undertake a comprehensive rehabilitation of each building to make it functional for its intended use.

Legal Compliance Requirements – Pursuant to the National Historic Preservation Act (NHPA) and National Environmental Policy Act (NEPA), any proposed project with potential to impact cultural and/or natural resources in Gateway National Recreation Area must follow a review process outlined in Federal Regulations. This requirement applies to all project proposals requiring federal authorization, whether initiated by the Lessor or the Lessee.

The Lessee will be responsible for submittals of compliance requirements, including providing documentation (refer to S.O.P. 606 for details) of historic fabric, recommended treatment of historic and natural features, and consultation with the State Historic Preservation Office (SHPO) in accordance with the Programmatic Memorandum of Agreement developed for this project.

It will be the responsibility of Lessee to ensure that Lessee undertakings are submitted for review in a timely manner to achieve the schedule set forth in Exhibit B and the responsibility of Lessor to see that review is completed in a timely manner in accordance with regulations. Some projects may trigger additional procedures (excavation permits, archeological investigation); and most will require existing condition documentation prior to rehabilitation.

Lessor cultural resource and compliance specialists will review submitted documents for design compatibility through all design phases, and throughout the construction process for any deviation from the approved plans. Archeological/architectural discoveries during construction and/or demolition may require further review.

Code compliance – Federal law and Lessor policy stipulate that as buildings are rehabilitated they shall be made to meet the nationally accepted model building codes to the maximum extent feasible. In addition, all relevant state and local building code provisions shall apply. The provisions of these codes shall supplement any and all laws relating to fire safety. Where a conflict exists in the interpretation of selected codes, the most stringent standard will apply.

The New Jersey Uniform Building Code, Rehabilitation Subcode may allow variances/equivalencies during the rehabilitation of historic structures. Lessor will review Lessee improvements and alterations for compliance with these codes.

Permit requirements – Written authorizations must be obtained from the Lessor prior to commencement of any excavation, demolition, removal, construction or alteration of any Fort Hancock site or structure.

If Lessee projects will involve ground disturbance, whether by mechanical or manual means, a digging permit is required. Digging permits should be obtained in the case of an emergency, but may be waived at the discretion of the Lessor. Emergencies are situations endangering the life or safety of any individual. This may include downed power lines, interruption of service, discovery of hazardous materials and noticeable water or gas leaks. After-the-fact permits are required for record purposes.

In the event that excavation uncovers archaeological resources (or potential resources), all diggings will cease immediately and the contractor shall notify the Lessor. When archeological resources are uncovered, they are the property of the Federal Government. The costs of curating these objects will be born by the Lessee.

Documentation of Historic Fabric – While regulations require review of proposed undertakings, they do not necessarily prohibit the alteration of structures or sites. However, Lessor policy does require documentation of existing conditions prior to carrying out any alterations. Documentation of historic fabric will be required in all Lessee submittals during the design process, and additional documentation may be required to comply with NEPA/NHPA. All documentation shall conform to standards of the Historic American Building Survey (HABS) as appropriate for the level of treatment.

During construction activities, as building components are removed and not reused in the rehabilitation, the Lessor has the right but not the obligation to retain those components as part of the museum collection.

Fire Protection, Safety and Emergency Access -

Universal Accessibility – Handicapped accessibility is a particular concern. Federal law and Lessor policy require that program accessibility be achieved as part of Lessor Improvements and Alterations.

Signs – Design standards for signs will be applied throughout the Area, and the appearance and placement of building and Lessee identification signs will be established in the Area Sign Plan. Lessor must approval all Lessee signs as compatible with the historic character of Fort Hancock.

EXHIBIT C
Shared Use of the Premises

The Lessor reserves use of the Theater (Building #67) and/or the Chapel (Building #35), subject to the follows provisions:

1. The Lessor may hold up to 48 events per year, not to exceed 60 days use. Lessor's events shall be non-commercial and support the purposes of the park.
2. Scheduling for events will be done in accordance with the Annual Business and Operating Plan.
3. The Lessor will generally space its events proportionately over the course of the calendar year.
4. The Lessee has the ability to relocate an event to another venue, provided that:
 - a. There is no impact to the event (taking into account the nature and size of the event, and the advertising and publicity of the event).
 - b. The Lessor consents to same - approvals not unreasonably withheld.
 - c. If a Lessor event is added within a current Quarter after that Quarterly Schedule is agreed to, the Lessor agrees not to unreasonably withhold its consent for relocation.
5. The Lessor shall be granted such use at no charge, subject to the following:
 - a. The Lessor shall be responsible for all reasonable operating expenses specifically associated with the event. In the event the Lessor fails to pay for the agreed upon expenses, the Lessee will be allowed an offset to the percentage rent owed to the Lessor
 - b. The Lessor shall be responsible for the cleanup of the facility.
 - c. The Lessor will be responsible for any damage caused by Lessors event.
 - d. Insurance for all events will be required by any non-governmental user, and contain a hold harmless and additionally insured clause for Sandy Hook Partners, LLC, or subject to Tort Claims Act if by the Lessor.
6. The Lessor may be allowed other dates in excess of those granted herein under the same provisions as outlined, provided that:
 - a. There is no other use programmed or anticipated by the Lessee.
 - b. The use requested is specifically for the Lessor and/or the park's Foundation only.

EXHIBIT D
Authorization for Parking

This Exhibit D to the Lease, in accordance with Article 2.2 of the Lease, authorizes the Lessee (and its agents, employees, contractors, invitees and Tenants and their agents, employees, contractors and invitees), vehicle parking in the Area under the following terms and conditions:

The Lessee is allocated the use of 958 parking spaces in the Area on weekdays (except for federal holidays) and 300 parking spaces in the Area on weekends and federal holidays.

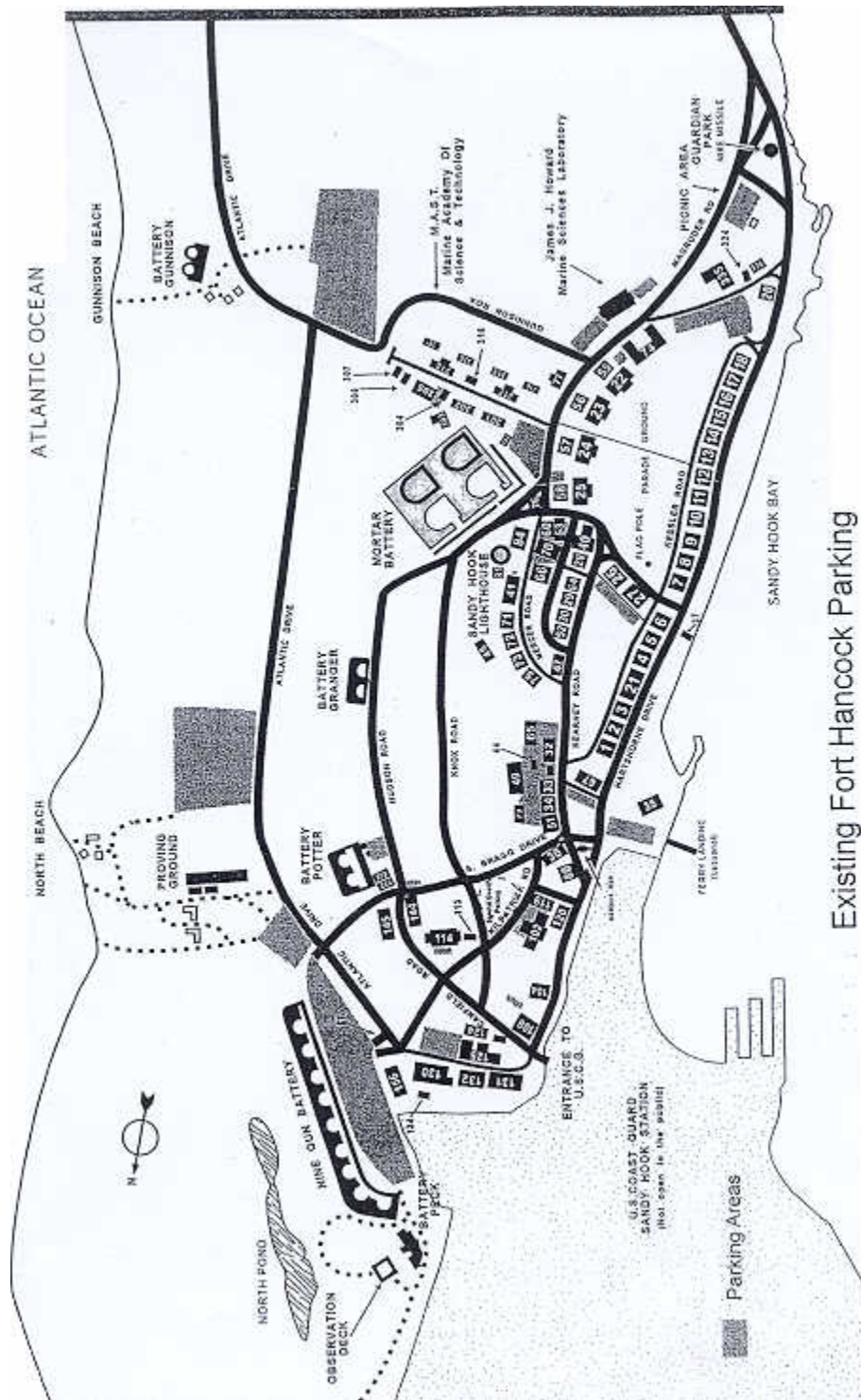
The Parking Plan attached hereto (in two parts) specifies the location of the allocated parking spaces and their respective parking areas. The Parking Plan may be amended from time to time by the Lessor to reflect the changing needs of the Lessee and the Area.

The Lessee, at its expense, and in accordance with best management practices, shall be responsible for the design, construction, rehabilitation and/or expansion, as applicable, of the parking areas designated in the Parking Plan. Such responsibilities include, without limitation, paving, curbing, parking lines, lighting fixtures, drainage and related infrastructure. The Lessee in carrying out these responsibilities shall utilize best management practices. The Lessee, subject to the prior written approval of the Lessor, may install and operate electronic pass systems for appropriate parking areas in which it is allocated parking spaces; provided, among other matters, that any approved pass system will be repaired and maintained by the Lessee and will permit appropriate parking access by the Lessor and persons authorized by the Lessor.

The Lessee shall be responsible at its expense and in accordance with best management practices for all repair and maintenance needs of the parking areas and related infrastructure designated in the Parking Plan that are non-recurring within a seven-year time frame. Such repair and maintenance projects include, without limitation, major repair or replacement of paving and curbing, painting of parking lines, and replacement of light fixtures.

The Lessor at its expense (and upon completion of the construction, rehabilitation, and/or expansion of parking areas undertaken by the Lessee in accordance with Paragraph 3 of this Exhibit) shall be responsible for minor, short term, maintenance and repair needs of the designated parking areas. These responsibilities include, without limitation, grass mowing, snow removal and minor pothole repair.

Parking Plan Attachment (Part 1)



Existing Fort Hancock Parking

Parking Plan Attachment (Part 2)

BUILDING NAME	Building No.	Area (s.f.)	Parking Spaces
Officer's Club	114	14,685	64
Chapel	35	3,689	80
Theater	67	6,048	200
Power Plant Warehouse	124	3,849	15
Motor Shop Warehouse	125	11,490	50
Lieutenant's Quarters	2	6,750	15
Lieutenant's Quarters	3	6,750	15
2 Family Officer's Quarters	21	5,751	15
Lieutenant's Quarters	4	6,750	15
Lieutenant's Quarters	5	6,750	15
Lieutenant's Quarters	6	7,014	15
Lieutenant's Quarters	7	6,750	15
Lieutenant's Quarters	8	6,750	15
Captain's Quarters	9	7,861	18
Captain's Quarters	10	7,861	18
Captain's Quarters	11	7,861	18
Commander's Quarters	12	9,921	12
Captain's Quarters	13	7,861	12
Captain's Quarters	14	7,861	12
Captain's Quarters	15	7,861	12
Lieutenant's Quarters	16	7,014	15
Lieutenant's Quarters	17	6,750	15
Post Headquarters	26	5,076	15
Bachelor Officer's Quarters	27	9,720	20
Mess Hall	55	5,626	15
Enlisted Barracks	23	20,394	50
Mess Hall	56	5,626	15
Enlisted Barracks	24	20,394	50
Mess Hall	57	5,626	15
Mule Barn	36	6,718	30
2 Family NCO Quarters	80	2,354	10
Bakery	33	2,735	9
Storage Building	79	1,200	2
Post Exchange	70	8,372	18
Gas Station	60	1,313	8
YMCA	40	18,483	40
TOTAL	36	277,514	958

EXHIBIT E

NPS ADMINISTRATION OF SANDY HOOK

Pursuant to its obligations under 16 USC 1 et seq. to preserve and protect the Sandy Hook Unit of Gateway National Recreation Area (park area), NPS will undertake the following responsibilities with respect to the park area.

Safety and Law Enforcement

The Service will provide public safety and law enforcement protection activities for persons in the park area, including Lessee and sub-tenants. These activities include the following:

1. Law Enforcement patrols, with drive-by surveillance, and foot patrol checks.
2. Response to law enforcement situations, where laws, rules, and regulations are being broken or compromised in the park.
3. Intrusion alarm response, provided that (a) the alarm system is hooked into the main panel at the Ranger Station; and (b) the alarm system has been approved by the Chief of Visitor Protection. (There will be fees levied for responses to false alarms after the first three false alarm responses, per year.)
4. Fire suppression services, provided by the Service and/or through cooperative agreement with local fire departments.
5. First Aid services upon request, provided by the Service and/or through cooperative agreement with local ambulance services.

Landscaping and Open Space

The Service will maintain all grounds and common areas of the park as appropriate for proper management. With respect to grounds and common areas in the vicinity of the Premises,

1. All lawns will be mowed once a week during high growth season (between May 1 and June 25), and twice every three weeks during normal growth periods. Excess clippings will be removed as needed.
2. Lawns adjacent to the Premises up to 200 ft. in any direction will be fertilized once a year and re-seeded as needed.
3. Bushes and shrubbery will be trimmed twice per year.
4. Edging of front walkways leading up to the Premises will be performed every four weeks, commencing on June 15 and ending September 7.
5. Park-provided utilities will be maintained in accordance with proper and prudent schedule, and repaired as needed. This maintenance extends up to where the main utility lines are connected to the individual building. Maintenance and repair beyond this point is the responsibility of the Lessee and/or sub-tenants. Lessee and/or sub-tenants will be billed separately for water and sewer.

Roadways, Parking and Traffic Control

The Service will maintain all roads and provide traffic control within the park area as appropriate for proper park area management. With respect to roads and traffic control located near or adjacent to the leased properties:

The Service will maintain the main thoroughfares and repair them as needed (after all improvements have been completed by the Lessee). These thoroughfares include all main roads, public parking areas, and main sidewalks. (Subject to Lessee's responsibilities under Article 2.2 hereof.)

Maintenance includes clean-up, patch and major repair, sweeping, snow plowing, sanding, etc. Any damage done to roadways and walks as a result of construction or other activities of the Lessee or Sub-tenants (other than normal wear and tear) will be the responsibility of the Lessee and/or sub-tenants to repair.

The Service will enforce traffic regulations to facilitate safe traffic flow through the leased area, in accordance with standards identified in the Transportation Plan under Exhibit D, "Authorization for Parking"; attached herein. This includes traffic signage, and barricades, cones, and personnel when needed.

Special events held by the Lessee, sub-tenant, or other entity will require a Special Use Permit (unless said events take place on the grounds of the Officers Club). A Special Use Permit requires a fee to NPS. See Park Special Use Permit Fee schedule for rates.

The Service will be responsible for snow removal up to the main sidewalk that does to each individual leased property. The Service will have crews working on snow removal and related sanding during a snowstorm when 2 inches of snow have accumulated, and will continue until the snow has stopped falling and/or the roads, parking lots, and walkways have been cleared.

The Service will maintain and repair all Service-owned street lighting and provide for power to them.

GATEWAY NATIONAL RECREATION AREA-SANDY HOOK UNIT
NORTHEAST REGION – NATIONAL PARK SERVICE